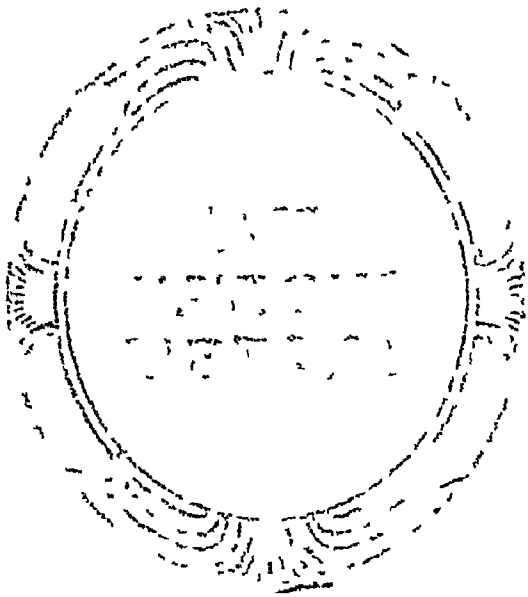




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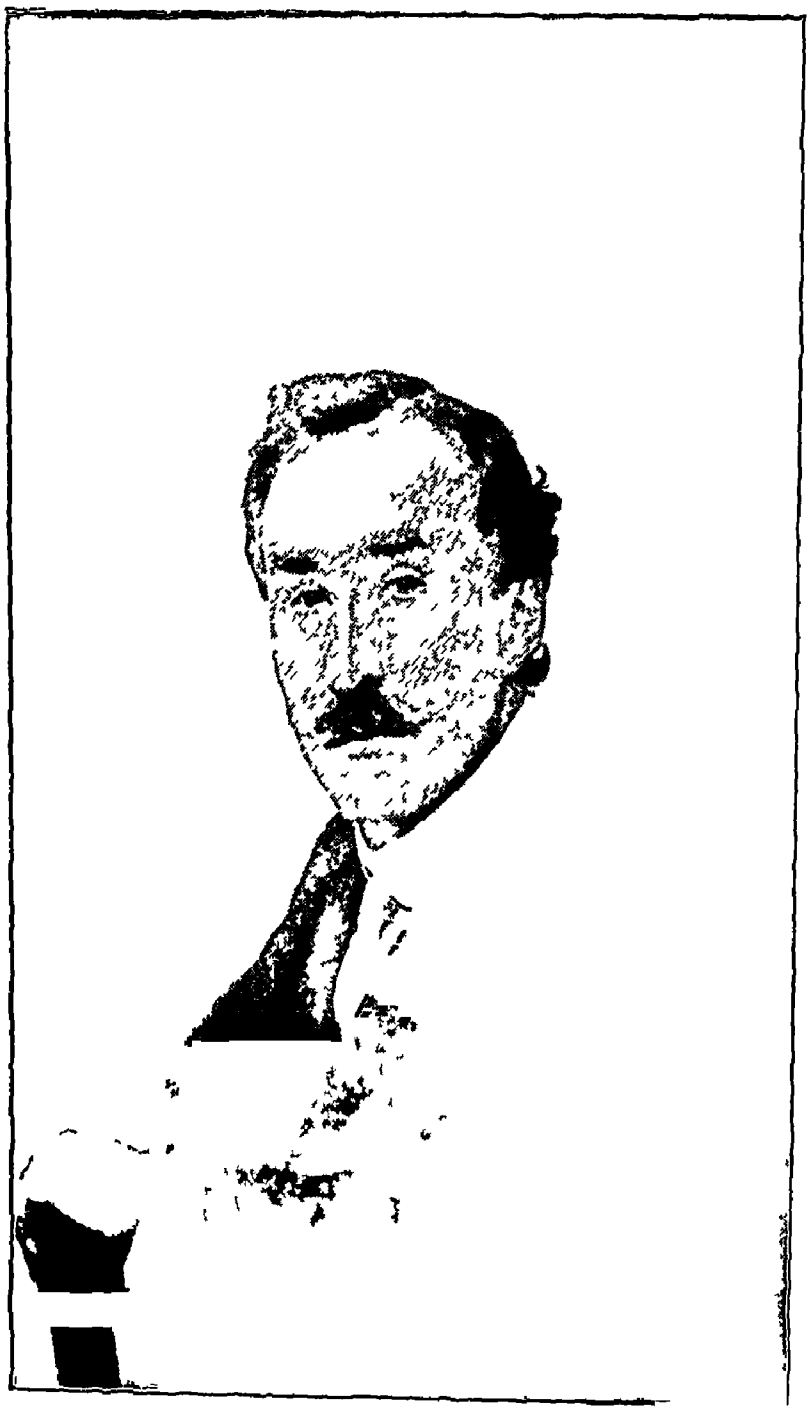
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BRITISH COMMERCE

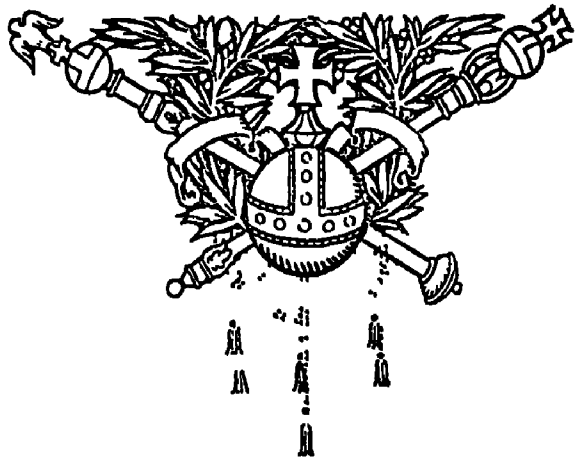


Herbert J. Bassett

BRITISH COMMERCE

by

H. H. BASSETT



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PREFACE

In this survey of modern British commerce I have endeavoured to break away from the methods pursued in previous books of the kind. The commercial history of our country has been recorded in close detail by abler pens than mine. Archdeacon Cunningham's three volumes on the *Growth of English Industry and Commerce*, and Mr L. L. Price's *Short History of English Commerce and Industry*—the former especially distinguished for its comprehensiveness, and the latter for its conciseness—are two standard works to which the student may well be referred for all that pertains to the commercial history of our country prior to modern times. In conformity with the plan outlined by the projectors of 'The Nation's Library,' I have surveyed our commerce solely from a modern and, I hope, a practical standpoint. If I have not entered largely into the details of all the many industries of the country nor submitted so many data as the statistician would

desire, it is because most industries have their own expert biographers, and our Government storehouses are already burdened with an overwhelming mass of statistical detail. The two great requisites of modern commerce—practical commercial and industrial education, and national industrial organisation—are the main points upon which this book is centred. If it helps to stimulate a public movement towards attaining these advantages, I shall feel that I have not merely put on paper an academic survey of modern commerce, but have contributed something to the constructive commercial policy of the country.

HERBERT H. BASSETT.

LONDON, *May*, 1913.

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British Commerce

CHAPTER I

THE FOUNDATION OF BRITISH COMMERCE

Geographical and Mineral Advantages—Moral and Physical Character of the People—Development of our Maritime Supremacy.

THE foundation of British commerce might conceivably be the subject of a large volume complete in itself. Authorities are by no means unanimous with regard to the basis upon which our commercial success has been reared. It has been argued, however, that to understand the structure and development of our commercial system one must first investigate fully the history of Great Britain in its every aspect. I recognise the need for a complete understanding of the basis of our present commerce; but to indulge in historical speculations as to the effect of Saxon, Norman, or even early Tudor legislation upon our present-day commercial life would be out of place in a small volume aiming to

provide no more than a survey of British commerce from the standpoint of the modern practical business man.

Briefly, then, our commercial success as a nation may be attributed to :—

(I.) The geographical advantages and mineral resources of our country : an abundance of rivers which supplied water power in the early days of the country's development; coal, whereby was generated the steam power essential for the use of machinery; and iron, which gave us the raw material for our machine-shops.

(II.) The moral and physical character of our people : their moral conviction that to sell a poorly-made article was equivalent to cheating the purchaser; the tenacity and doggedness which they concentrated upon turning out goods better than other nations could produce; and the physical capacity for endurance of the men who were trained to the work in the manufactories.

(III.) The early development of our maritime supremacy : English ownership of sea-going vessels, which gave the country control of the carrying trade, and at the same time provided our forefathers with the means to satisfy their eagerness for over-seas explora-

tion, leading to the discovery and conquest of new countries; and the transit of international goods through our ports, which laid the foundation of our banking and monetary power in international markets.

If we survey briefly these three main causes, and also, in turn, the underlying subcauses, I think we shall arrive at a satisfactory appreciation of the basis upon which the fabric of our present-day commerce has been raised, and shall be in a better position to elucidate its existing conditions and future prospects.

How much we owe to the geographical and mineral conditions of Great Britain may be illustrated by comparison with features in the growth of other countries. The backward development of parts of South Africa and of Australia in comparison with Canada, for instance, is almost entirely due to the absence of water-courses in those parts. In all new countries the population has tended to settle down on the banks of a river. The most advanced districts of England in the early days of our commercial growth were the counties where water-sheds were most numerous—Lancashire, Yorkshire, and Derbyshire, where the mills obtained their power from

the rivers before the days of steam, and when water was the only available driving force, excepting horses and oxen. It was only when we reached the full limit of our resources of water power that the country found the development of its trade subject to restriction, and inventive minds were impelled to seek in other directions for fresh sources of power. Steam arrived to open up an industrial and manufacturing future for every part of Great Britain, irrespective of physical conditions. Manufacturers were at last able to establish their mills and factories in districts where labour was most plentiful; they could, that is to say, take the power to the population, instead of bringing the population to the power, as had formerly been the case. The introduction and speedy popularity of steam power created an immediate demand for coal. Here again the country did not fail to respond to the call which the manufacturers made upon its natural resources, but produced from its bowels the finest steam coal the world had ever seen. The introduction of the blast furnace and the application of coal to the manufacture of iron caused, in its turn, a revolution in the iron industry. The iron-

works of Sussex and other parts of the country had become moribund because of their dependence upon charcoal, and owing to the legislative enactments against the further destruction of the forests. With the knowledge that came with the use of coal, similar ironworks sprang into new life in districts where coal was available. The Midland Counties and South Wales became the centre of the iron industry, and the freshly-spurred activities of the factories and mills created a demand for machinery that established the great ironworks of the country in a position from which they have never receded. The giant strength of our textile industry and our machine-shops, and the steady growth of the smaller industries which sprang into existence in the seventeenth and eighteenth centuries, may be directly traced to the presence in Great Britain of copious water power and abundant deposits of coal strata. The invasion of the Dutch, the immigration of foreign weavers, the rich prize which fell to our share in the acquisition of the West Indies, the destruction of the Spanish power, and the score or so of other incidents whereon so much historical speculation has been built, must surely be regarded as contributory, and

not primary, causes of England's industrial wealth in those days.

The production of enormous quantities of textile goods alone no more made the commercial greatness of our people than the toy exports of Germany and the meat-packing trade of the United States gave those countries a place in the commercial councils of the nations. Long before England was exporting cotton manufactured goods there were cloth makers in every country of Europe and in every village of India. The iron industry of Ghent was centuries ahead of England. Yet, as we know, it is historically correct that England did achieve a commanding position in the world's trade, and that her goods came to be more sought after and more welcomed than those of any other trading nation. Much was perhaps due to her control of the ocean highways, but a very great part of her success was the natural result of the character of the goods made and sold by the British manufacturer. The apprentice system and the old guilds had undoubtedly fostered among master artisans a great pride in their work: it was the aim of the master craftsman to establish a high position for himself by virtue

of the sterling honesty and solidity of his goods. In this he was strongly encouraged by the example of the merchants, who guarded most jealously the honour and traditions of their houses for fair and upright dealing. Even in times when corruption and licence ruled supreme in the English Court, when the aristocracy had abandoned themselves to luxury and excess, and the lower classes to plunder and robbery, the class which comprised the burgess, the merchant, the craftsman, and the manufacturer, remained steadfast to its rules of strict conduct both in the counting house and the home. This influence could not fail to be manifest in the goods which England was sending out, and though perhaps unaware of the priceless legacy he was helping to create for posterity, each manufacturer and merchant sought to make the intrinsic worth of his productions greater than that of his neighbour's manufactures. Perhaps we owe it to the Puritan days that in hundreds of factories the master regarded the vending of faulty goods as only a subterfuge for robbing his customers' till. The splendid physique of the men who were trained to the work in our mills and factories was an element by no means negligible

contributing to their success. The working population was drawn from the villages where, for generations, they had lived a rural life on the farms and estates of the landed gentry, engaged in the healthiest of all occupations, that of tilling the soil. They brought to the mills and factories a superb physique and abundant health, which could not fail to exercise a beneficial effect upon the work they executed. The pressing demand for labour in subsequent years led to a criminal abuse of the health of many young lads and lasses in the mills and workshops of Northern towns, and consequently manufacturers are now recognising that their forefathers did not realise, in the early days of urban factory and workshop life, how much they owed to the physical endurance of their workmen.

But even the production of the finest goods could not alone have built up the world-wide commerce of Great Britain. It was a fortuitous circumstance that whilst our manufactures were developing under the successive inventions of many men throughout the country, there was being forged at the same time a chain of events leading to an astounding growth in our maritime power. The long fights between England and France for control

of the ocean highways had spurred the Government of the day, in its effort to crush the trade development of other Powers, into unprecedented extensions of the mercantile marine. The successful issue of these encounters opened the whole world to British manufacturers and traders, and their goods were welcomed in every civilised port. Not only did trade follow the flag, but the flag of Great Britain maintained the prestige and distinction of the British merchant, and kept before the eyes of every country a floating advertisement of Britain's trading strength. The importance attaching to this contributory cause has only been realised since, in our own day, a great Emperor has so used the artifices of advertisement to push his country's goods that the description 'the world's greatest commercial traveller' is considered not unflattering to one who has done so much for his people. At the time of which we are speaking, however, the whole of the world's carrying trade was monopolised by Great Britain, so that manufacturers were able to claim for their goods not only the hall-mark of excellence, but also the special advantage of speedy delivery to any part of the world. Even where Great Britain's services were

not necessary for the production of goods, other nations found it desirable to avail themselves of her assistance in the carriage of their exports, thus leading to the development of London's international trade, and to the re-shipping of goods through British ports to other countries. London became the world's mercantile clearing house. Her merchants and bankers found their business developing on international lines, and proceeded to establish branches and agents in all important countries, so that it very soon became necessary not only to use British vessels for the transit of freight from one country to another, but also to use the facilities provided by the British merchant and banker for clearing payment for the goods handled.

There was yet another factor working towards the mighty growth of Britain's commercial enterprise. The spirit of adventure inherent in the British character was encouraged and turned to fruitful account by the existence and use of the means of travel over-seas, denied to many other nationalities. As the number of merchant adventurers increased, so our newly-discovered Colonies slowly but surely assumed greater importance,

and although it was some generations before they began to consume any substantial quantity of British goods, the foundation was being laid of that big over-seas trade which has developed so vastly during the last half-century.

It will thus be seen that the primary causes of our rapid commercial development in the past may be attributed to (*a*) the physical and mineral resources of our country; (*b*) the moral and physical character of the people; and (*c*) the development of our maritime supremacy. We can now proceed to examine how far these elements are of value to-day in maintaining our commercial position.

CHAPTER II

THE STAPLE INDUSTRIES

Textile Industries—Our Supplies of Raw Cotton—British Iron and Steel Trade—The Lack of Organisation—Shipbuilding Industry—Gross Output and Net Output of Miscellaneous British Industries—The Agricultural Industry.

BEFORE proceeding to discuss the prospects and general conditions of British commerce, I propose to survey briefly the staple industries of the country.

The prime or staple industries of the country to-day continue to be those which were originally built up as a result of the physical and mineral advantages above described—our textile industries, engineering and shipbuilding industries, etc.,—and the business of banking and financing which arose out of our control of the carrying trade. I exclude agriculture, as it would be impossible to discuss adequately in this volume the causes of its decline under the pressure of industrial expansion. Moreover, it involves the consideration of political and economic questions which do not relate to the strictly commercial aspects of our subject. What were the prime

industries of this country in the early eighteenth century are still the prime industries of to-day, though they have been subjected to the process of specialisation, and have also undergone internal changes resulting from the use successively of steam, gas, and electric power. Industrial developments, in fact, have not led to any such alteration of our prime industries as in many European cities, where the staple industries have disappeared and been replaced by others. Any extinction that may have occurred in old industries or any creation of new industries has taken place among the secondary occupations of the country. Some industries are now moribund because the demand for their produce has ceased, or the use of machinery has created a more economical method of production, or foreign competition has made production of the goods unprofitable. There is considerable difference of opinion between political partisans as to the real causes of the lessening output of various industries, but until the decision of Parliament in 1906 to take a Census of Production, making 1907 the censal year, there was little prospect of our ever being able to settle these facts definitely owing to the absence of reliable figures. The report issued by Mr Flux in 1912 is likely to

be of considerable value in determining the progress made in the productive powers of the country when the results of future censal years (which are to be quinquennial) are available. The experience of traders of late years with regard to the constant demands of the Government for domestic details about their trades has not been a happy one. During the past ten years there have been so many direct or indirect requests from officials for such information that traders have come to regard any communication marked 'On His Majesty's Service' with grave suspicion. The Factory Act, Shops Act, Workmen's Compensation Act, Employers' Liability Act, Insurance (Invalidity and Unemployment) Act, are rightly or wrongly regarded by the trader and manufacturer as only the precursors of even greater taxation and interference with their business in the future, ultimately leading to a Minimum Wage Act. The feeling of antagonism engendered between the Legislature and the manufacturing and trading community may be attributed either to the introduction of ill-advised legislation based largely on theoretical calculations, or to an erroneous belief on the part of the employer that the State tends to support labour unfairly

against capital. It is no part of the writer's purpose to enter upon political matters except in so far as they affect commerce, and this point is only mentioned here because there certainly exists among a very large section of big employers of labour, irrespective of any particular trade or political party, a pronounced distrust of the State.

Let us now enter upon our brief survey of the classes of enterprise commanding a leading position in our country's trade. Head and shoulders above all other industries in the United Kingdom stands the textile industry. Its various branches are as follows :—

(1) The cotton industry, located almost entirely in Lancashire; (2) the woollen and worsted industry, the seat of which is in the West Riding of Yorkshire, where 72 per cent. of the total operatives are employed; (3) the linen industry, mainly centred in the North of Ireland and in Fifeshire and Forfarshire in Scotland, the number engaged in it in England being comparatively small; (4) the jute industry, almost the only seat of its manufacture in Great Britain being Dundee; (5) the silk industry; (6) the hosiery industry; (7) lace-making; and various minor textile industries, such as the manufacture of carpets, hemp, etc.

The most important of these various branches of the textile industry is the cotton trade, which gives employment to nearly 45 per cent. of the total number of operatives employed in the textile industries of the country and to twice as many as the woollen and worsted industry, the next largest occupation in the textile group. With the fortunes of the cotton trade the prosperity of Lancashire rises and falls, over 80 per cent. of the total employment in the trade being centred in that county. For many generations the United Kingdom has been supreme in the cotton industry, but the growing trade of other countries, although not impeding the progress of the British output, is absorbing every year larger quantities, and has created difficulties of a very grave character in connection with our supply of the raw material. An attempt was recently made by an American paper to estimate the number of the world's cotton spindles, and the figures are interesting, as they give a rough idea of the growth of the industry in other countries in comparison with the United Kingdom.[1]

[1] A comprehensive table compiled by Mr Arno Schmidt, Secretary of the International Federation of Master Cotton Spinners' and Manufacturers' Associations, is included in the Appendix.

	Millions of Spindles				
	1870	1880	1890	1900	1912
United Kingdom .	37¾	44½	44½	46	57
European Continent	13	21	26	32	42
United States .	7	10½	14	19	30
Other Countries .	—	2	4	7	11
Approximate Total	57¾	78	88½	104	140

The ratio of increase has, of course, been much greater in the United States and on the Continent than in Great Britain. The increase on the Continent may be clearly traced to Germany, which has doubled the value of its exports of cotton yarn and piece goods during the past ten years. At the same time the United Kingdom has also doubled its output of yarn, which is about five times that of Germany, and has also maintained the growth its exports of cotton piece goods.

The difficulties which our manufacturers e to combat arise in connection with the ply of raw material. Hitherto, we have epended almost entirely upon the United States as the chief source of the world's supply. The total annual crop varies from fourteen to eighteen million bales, of which the United States supplies about 80 per cent., India and Egypt being responsible for the greater part of the balance. The British Cotton Growing Association has been doing excellent work

during the past few years in extending the world's cotton fields. The Association was founded in 1902 under Royal charter with the object of extending the growth and cultivation of cotton in the British Colonies, dependencies, and protectorates, and receives a subsidy from the Imperial Government. The visit of cotton manufacturers to Egypt in 1913 has led to favourable developments, and the possibility of the United Kingdom drawing its supplies of cotton very largely from Egypt is now within the region of practical politics. It is estimated that 500,000 additional bales are required annually in order to keep pace with the world's consumption, which is rapidly increasing. In the United Kingdom consumption has increased from 3,706,000 to 4,150,000 bales per annum during the past twenty years, while in the same period the annual consumption has increased on the Continent from 4,576,000 to 5,700,000 bales, and in the United States from 3,200,000 to 5,200,000 bales. The problem which is troubling the British manufacturers is, therefore, not so much the difficulty of obtaining the world's orders for cotton goods as of securing a steady and plentiful supply of raw material in the future.

The pronounced prosperity of India during the past few years has, of course, been especially reflected in the course of the cotton trade. India is the greatest customer Lancashire cotton manufacturers possess, and the feature of 1912 was the large buying for Calcutta, Bombay, and other cities in India. The troubles in the Near East and the domestic situation in China have acted adversely, but the far-sighted manufacturer looks to a big demand so soon as the countries concerned in the Balkan War have become re-settled. How the trade with India has been increased and that with the Near East decreased may be seen from the following figures :—

		INCREASES
Bengal		253,000,000 yards
Bombay		88,000,000 „
		DECREASES
China		119,000,000 yards
Turkey		73,000,000 „

In spite of the big shipments which have taken place, there are no signs of foreign markets being glutted with our supplies. Labour difficulties have been easily dealt with recently, and, apart from the bad spinning question, it is not anticipated that any serious troubles will arise in the near future. The magnitude of the possibilities of the cotton

industry is indicated by a few simple figures. The cotton industry supplies nine-tenths of the clothing of the world's inhabitants, and it is estimated that out of a population of 1,500,000,000 only 500,000,000 are completely clothed, 750,000,000 are only partially clothed, and 250,000,000 are not clothed at all. Such figures show the vastness of the cotton industry and the possibilities of its development.

Just as the United Kingdom depends almost wholly upon the United States for its cotton, so do we rely to a substantial extent upon Australasia for our wool, with the result that a prolonged drought in the Colonies might seriously interfere with at least 50 per cent. of our supplies. Very serious inroads have been made in the trade in yarn by both German and French competition, and the premier position of exporter of woollen and worsted yarn may in any year be wrested from us by Germany. The volume of this trade is not, of course, to be compared with that of the manufactured article, in the export of which the United Kingdom has outstripped all other countries for many years, no matter in what way the returns may be judged. Any advance which Germany may have made has been almost

entirely in cheap goods of an attractive rather than a serviceable character, in which market the British manufacturer has not attempted to compete. The lowering of the tariff in the United States may help very largely to promote a revival of our trade with America in woollen manufactured goods which was killed by the Dingley Tariff in 1897; and there is no reason to anticipate any reduction in the volume of our trade in this branch of the textile industry, especially if some of the points relating to our trade abroad, dealt with in other parts of this book, are tackled seriously by manufacturers in conjunction with commercial representatives of the Government.

The British iron and steel trade has probably suffered more from lack of organisation than any other industry in the United Kingdom. On the other hand competing countries have displayed an increasing enthusiasm for organising their steel trade on co-operative and remunerative lines. As a result we have lost the long lead which we at one time held in the production of pig-iron as well as in the value of our iron and steel exports, although from every point of view we may be said to enjoy a more favourable physical position than other countries. The world's production of pig-iron

in 1910-12 was 68,000,000 tons, of which the United States was responsible for 27,000,000, Germany for 16,000,000 and Great Britain for 9,000,000. Thirty years ago the total production was 20,000,000 tons, of which Great Britain contributed 8,000,000, the United States 4,000,000, and Germany 3,000,000. In iron and steel the world's export trade is over 16,000,000 tons per annum, that is, double the quantity of ten years ago. Twenty years ago Great Britain was an easy leader with an export of three-and-a-quarter million tons, whilst Germany and the United States did not reach a million tons each. In 1912 Germany led with over five-and-a-half million tons, and Great Britain was a bad second, being nearly a million tons behind. These are the facts of the British iron and steel trade expressed in figures. It will be more profitable to accept them as they stand rather than attempt to explain them away by arguments concerning bounties and tariffs, however much we may sympathise with the British steel manufacturer in the tariff difficulties with which he has to contend. Physically, Great Britain has an advantage over every other country in the manufacture of steel. It has coalfields, abundant supplies

of iron ore, limestone, blast furnaces, and steel mills in close proximity to each other. It has innumerable ports and countless ships for transport. The scares some 'experts' have raised by bewailing the limitations of our coal and iron supplies may be dismissed as without foundation. New seams of coal are being discovered every year to take the place of old ones, and virgin deposits of iron ore are being opened up as rapidly as old reserves are being depleted. In the matter of coal and iron ore deposits we are, in fact, better off than we were five-and-twenty years ago. Physically, therefore, the United Kingdom suffers no drawbacks in comparison with other countries. Financially, the industry has little to complain about. There is abundant capital for genuine enterprises in this country even after vast sums have been sent abroad; there is so much labour that we can afford to let thousands of skilled workers emigrate each year; and we have at the time of writing a 'boom' in the ship-building trade such as we have not seen for many years. Yet the volume of our steel trade languishes whilst that of Germany forges ahead. We should produce 15,000,000 tons of iron a year instead of 10,000,000, and at least 12,000,000 tons of steel instead of

7,000,000. We should produce all that we require for ourselves instead of having to buy 2,000,000 tons, and in view of our trade connections all over the world, we ought easily to do the largest export trade in steel and iron goods of any nation in the world. The explanation lies in the lack of organisation from which the British steel maker suffers.

Mr T. Good, a recognised authority on the subject, writing on the organisation of German steel manufacturers, says: 'Bankers, producers, and shippers have co-operated for the advancement of German trade in a way that ought to put Britishers to shame. The syndicates in the iron and steel group of industries have worked wonders. The producers of each product, from coal and ore to nails and sewing machines, have combined in a network of syndicates. The plan has differed altogether from the Trust system of America. A firm producing half a dozen different productions has been a member of as many syndicates, and not a unit of a single corporation. The general plan has been for the officials of the syndicates to control business, while the manufacturers have attended to the efficiency of their plants. Each works has been visited, its location noted, its capacity

of production and any special aptitude for particular classes of work duly recorded. Prices have been fixed, orders taken and allotted, and shipping arrangements made by the syndicates. Trade opportunities have been watched in every part of the world by the experts of the syndicates, and many matters attended to in the interests of the constituents better than the individual manufacturers could do for themselves. Raw materials have also been purchased on the co-operative plan. Not only have shipping costs been kept down by exporting in bulk co-operatively, but transit distances have been reduced to the shortest possible. For example, an Austrian order would, other things being equal, be given to a Silesian firm, while a British or French one would go to a Westphalian shop.'

Mr Good does not deny that the use of the bounty system has been of great value in assisting German manufacturers to get into markets formerly regarded as British preserves; but bounties alone have not enabled Germany to increase its export of steel by ten times that of fifteen years ago. The enormous growth is a tribute to organisation. That this is so is recognised by the British steel manufacturers, who are engaged in the formation of the

British Engineers' Association, a venture that promises to give other British trades an example of the benefits which follow organisation and co-operation. Firms with an aggregate capital of £50,000,000 have given their adhesion to the Association, whose object will be to promote British engineering products on co-operative lines. Sales agencies are to be established abroad, all possible information gathered, and experts engaged for mutual services on lines beyond the reach of individual firms. Trade commissioners are being sent out to China to pay special attention to the future needs of that market. There are other smaller associations both in the heavy and lighter branches of the trade, while there are still many manufacturers who hold aloof from any national co-operative effort to maintain and strengthen the position which the country is in danger of losing. Meanwhile, solely by organisation, other countries are overhauling our trade. The pity of it!

Not for many years has Great Britain witnessed so much activity in its shipping trade and its shipbuilding yards as at the time of writing. There are no less than fourteen Dreadnoughts and nearly one hundred warships under construction for the British

or foreign Governments, and the yards are so well provided with miscellaneous work that shipbuilding firms are unable to cope with the demands made upon them. The shipping under construction in the United Kingdom in the Spring of 1913 exceeded two million tons, which constitutes a record in the history of the industry. Ever since the severe crisis of 1907 the carrying trade of the world has made remarkable progress. The over-supply of steamers at British ports has long since disappeared. Every vessel that could legitimately put to sea with a cargo has done so, but the demand on the British shipbuilder shows no sign of abatement. Whatever may be the condition of other industries in the United Kingdom, we can at least be satisfied that we are receiving the lion's share of the world's orders for shipbuilding, the total tonnage launched in the United Kingdom each year being about two millions in comparison with one-and-a-quarter millions built abroad. A larger proportion of sailing ships of low tonnage are built abroad than in this country. The most important feature in the development of the shipbuilding industry in recent years has been the increased size and speed of the ships built. Merchant ships have steadily

increased in size, the present limitations of docks and harbours being the sole restriction upon their further growth.

There is also to be noted a disposition to construct steamers for special purposes and special trades. Luxuriously-fitted mammoth vessels for the passenger trade across the Atlantic are specially built for this journey, and it is doubtful whether they could find employment, in view of their size and speed, in other directions. Vessels are built and specially equipped for the frozen meat trade with the River Plate, for the fruit trade with Australia, for carrying grain from the Baltic, etc. A very large amount of tonnage in the form of oil-tank and oil-carrying steamers has also been built. This tendency will probably increase until it becomes a recognised policy to construct vessels for special trades. It may therefore be anticipated that, in addition to the natural demand for new tonnage as a result of the general expansion of the world's trade, there will also be an increase in the building of special trade steamers. Present supplies are below the demand, because building has been interfered with by the shipyard strike of 1910-11 and the coal strike of 1912, in addition to the inability of steelmakers to deliver

building material quickly enough. Not only has the actual speed of the vessels been accelerated, but at the present time the vessels are handled, unloaded, and loaded in port far more rapidly than formerly. Science is making herself felt in the shipbuilding industry as much as in any other branch of trade. The late Lord Furness, speaking at a meeting of one of his companies, pointed out that the compound engines which in his younger days held the field gave place twenty-five years ago to those of triple expansion type; more recently the turbine engine came suddenly into use, and to-day we are face to face with its displacement, imminent upon the introduction of the Diesel oil engine — a development that, if the inventor's claims are made good, will 'revolutionise methods of propulsion in shipping.' Then as to fuel: coal, which for so long has been our useful ally, may thus have to share its pre-eminence as a power-producing force with another mineral. 'The distribution of oil,' said Lord Furness, 'is at least as wide as that of coal, its manipulation is easier, and I do not know that its dangers are in any degree greater. What may be the ultimate effect upon coal production is not easy of imagination, but we may possibly have to calculate with another

element of trade disturbance, and one that may be as great in its effect as most that have preceded it. The rapidity of the changes we are called upon to deal with is 'the feature which makes the great call upon the commercial man of to-day, and is the test of his mental ability and equipment.' Not in the methods of propulsion alone are vast changes likely to occur in the shipping industry, but also in methods of organisation. The laws and regulations relating to shipping must sooner or later be made uniform throughout the British Empire, and foreign ships must be subjected to all the requirements with which British ships are at present bound to comply. This raises questions of economics. Labour conditions, such as wages, overtime, and the duties of the various ratings, differ in almost every country, and to enforce a hard and fast standard upon the vessels of all countries might tend to produce conditions and restrictions making matters worse than they are at present. As in other industries, the expenses of labour are always tending upwards, and a higher level of freights must be anticipated by traders. This will bring shipowners into conflict with foreign countries, and probably lead to competitive rates. It may therefore

be anticipated that in the future the profits from shipping will not be in the same proportion to earnings as heretofore. British shipowners may, however, do much to nullify foreign competition by careful organisation. Combines of shipowners to regulate freights or to maintain minimum rates in certain markets may come and go, but an effective resistance will not be established until shipowners cooperate in a national movement to keep the supply of competing vessels from over-running the demand at periods of depression, and to ensure the demolition of obsolete vessels rather than their sale to foreigners to compete with British vessels on a low capital basis and low working expenses.

In the preceding chapter I have referred in general terms to the present condition of the great industries of the country—iron, coal and steel, engineering, shipbuilding, and the textile trades—whose gross output forms about seven-sixteenths or nearly one-half of the total production of the country. The food, drink, and tobacco trades, and the clay, stone, and building trades are the chief of the minor industries of the country. In the Census of Production Report presented by Mr Flux, particulars were given respecting the chief

TABLE

GROSS AND NET OUTPUT OF GROUPS OF TRADES FROM THE CENSUS OF

GROUP OF TRADES	Gross Output — Selling Value or Value of Work Done (1)	Materials Used — Cost. (2)
	£	£
Mines and Quarries	148,026,000	28,495,000
Iron and Steel, Engineering and Shipbuilding Trades	375,196,000	212,224,000
Metal Trades, other than Iron and Steel	93,465,000	81,341,000
Textile Trades	333,561,000	235,088,000
Clothing Trades	107,983,000	58,185,000
Food, Drink, and Tobacco Trades	287,446,000	197,734,000
Chemical and Allied Trades	75,032,000	53,466,000
Paper, Printing, Stationery, and Allied Trades . ..	61,308,000	26,611,000
Leather, Canvas, and India-rubber Trades	34,928,000	26,229,000
Timber Trades	46,390,000	24,780,000
Clay, Stone, Building, and Contracting Trades ..	116,692,000	49,679,000
Miscellaneous Trades	8,288,000	3,778,000
Public Utility Services ..	77,051,000	30,786,000
Factory Owners—Power only	—	—
TOTAL	£1,765,366,000	£1,028,346,000

A

IN UNITED KINGDOM IN THE CENSAL YEAR, 1907.
PRODUCTION REPORT, 1913.

Work Given out. — Amount Paid to other Firms (3)	Net Output — Excess of Column (1) over Columns (2) and (3) (4)	Average Number of Persons Employed (excluding Outworkers). (5)	Horse-Power of Engines at Mines, Factories, etc (6)
£	£		H.P.
—	119,531,000	965,230	2,495,134
9,890,000	153,082,000	1,539,415	2,437,481
231,000	11,893,000	114,473	83,974
4,189,000	94,334,000	1,253,044	1,987,765
2,125,000	47,673,000	756,466	84,606
198,000	89,514,000	463,701	380,171
9,000	21,557,000	127,842	214,770
1,047,000	33,650,000	325,475	237,573
81,000	8,618,000	84,724	54,891
166,000	21,444,000	239,195	173,813
6,557,000	60,456,000	725,240	433,279
67,000	4,443,000	46,874	9,417
325,000	45,940,000	342,491	2,059,737
—	—	806	102,198
£24,885,000	£712,135,000	6,984,076	10,755,009

at once be observed. The coal output is practically all net, whereas the net output of the cotton trade is only about one-quarter the amount of the gross output. The net output per head is apt to be misleading, and suggests that the variations are caused by difference in wages. The explanation of the variations is due to the differences in capitalisation of the trades, the gas and water industries, for example, requiring less labour in proportion to the capital employed than the clothing and boot and shoe trades, laundries, and similar enterprises.

A third statement (Table C) shows forty-six more industries, whose net output ranged from one to five millions.

TABLE C

TRADES WHOSE NET OUTPUT WAS BETWEEN ONE AND FIVE MILLIONS

	Mill £
Glass, stone, roofing, etc.	4·8
China and earthenware	4·6
Paper making	4·5
Lace trade	3·6
Aerated waters, etc.	3·6
Leather tanning and dressing ..	3·4
Sugar and glucose	3·3
Bottling trade	3·1
Hosiery trade	3·1
Quarries other than lime, slate, and iron	3·1
Coke works at coal mines	3·0
Carriages and wagons	3·0

	Mill £
India-rubber goods	3·0
Soap and candles	2 9
Paints, colours, and varnish	2 7
Anchors, chains, screws, etc.	2 3
Iron and steel tubes	2 2
Wire	2 1
Tools	2 1
Hats and bonnets	2 1
Cement	2 0
Tinplate trade	2 0
Stationery	2 0
Household articles, farinaceous foods, etc.	2 0
Meat and fish preserving	1 9
Fertilisers, glue, disinfectants, etc ..	1 9
Silk	1 8
Iron mines and quarries	1·7
Heat, light, and sanitary engineering..	1 6
Blacksmithing	1·5
Scientific instruments	1 5
Spirit distilling	1·5
Explosives, ammunition, and fireworks	1·5
Seed crushing	1·4
Limestone quarries and kilns	1·4
Butter and cheese making	1·2
Crates, boxes, and trunks	1·2
Mines other than coal and iron ..	1·2
Cutlery trades	1·1
Rope and net making	1·1
Bacon curing	1·1
Ivory, bone, and fancy articles ..	1·1
Oil and tallow trades	1·1
Cardboard boxes	1·1
Saddlery and harness	1·1
Slate quarries	1·0

With these tables before him, the reader

may obtain a general idea of the statistical importance of the various branches of British commerce.

The agricultural industry of Great Britain opens up too vast a subject to be adequately dealt with in this volume, and I propose, therefore, to confine myself to a brief review of the present position. It is computed that there are 1,173,000 persons permanently employed in agriculture in Great Britain. Of this number three-fourths are males. There are, in addition, about 167,000 temporary labourers. It is probable that the latter number would be very considerably swollen if it were possible to calculate the number of persons engaged in other occupations who temporarily engage in agricultural work during the harvest season. The smallness of the official figures does not suggest that the large nomadic population engaged temporarily in picking successive crops of strawberries, raspberries, hops, etc., is included, whilst some thousands of children are also temporarily engaged in this work for several weeks in the year. The Board of Agriculture estimates that in 1908 there were in Great Britain 508,629 agricultural holdings of over one acre in extent, classified as follows :—

	England	Wales	Scotland
1 to 5 acres ..	79,837	10,121	18,136
5 to 50 acres ..	165,265	31,953	34,601
50 to 300 acres ..	109,830	18,034	23,138
Over 300 acres ..	14,651	390	2,673
Total ..	369,583	60,498	78,548

The total average of these holdings was, approximately, 31,870,591 acres, and the greater part of the larger farms (that is, over 50 acres) are mixed holdings, whilst the smaller farms appear to be mostly devoted to pasture.

During 1908, which is the last official censal year, the foregoing holdings produced crops of the market value of £125,000,000, of which one-third was sold, and the remaining two-thirds was used for stock-feeding and replenishing the land. The principal crops were as follows:—

Clover and hay ..	9,700,000 tons	£31,800,000
Turnips and swedes	23,700,000 tons	23,700,000
Oats	15,400,000 qrs.	13,200,000
Straw	7,000,000 tons	12,600,000
Wheat	6,500,000 qrs.	10,300,000
Potatoes	3,900,000 tons	9,900,000
Barley	6,800,000 qrs.	9,200,000
Mangold	9,000,000 tons	7,200,000

The largest crops are naturally those used for fodder.

The orchards under cultivation covered an area of 250,297 acres and their production was

principally in apples and strawberries. The apple crop of 1908 (the censal year) was four-and-a-half million cwt., of the market value of £1,490,000, and strawberries 829,000 cwt., of the value of £1,036,000. The aggregate value of all other fruit crops was £969,000. About one-half of the apple production of the country is used for cider-making, the production of cider in 1908 being seventeen-and-a-half million gallons of £381,000 value.

The area covered by woodland is two-and-three-quarter million acres, but the amount of timber put on the market is less than fifteen million cubic feet, whereas we import each year about 500,000,000 cubic feet.

Live stock and dairy farming form an important section of the agricultural industry of the country. The number of sheep amounts to over 27,000,000, of which about 7,600,000 were slaughtered in 1908. The wool clip was valued at £2,600,000 and the total wool production (that is, reckoning skin fleeces) was about £3,000,000 sterling compared with imports of nearly £28,000,000. The number of cows was 6,900,000, producing 1,208,000,000 gallons of milk, of which 850,000,000 gallons were marketed as whole milk, valued at about £25,000,000, and the

balance as skim milk, cream, butter (valued at £2,900,000), and cheese.

Roughly speaking, therefore, our present-day agricultural industry may be said to be concerning itself with providing fodder for its live stock rather than in growing crops for human consumption; in growing apples for cider-making, and, to use Gladstone's phrase, in 'growing jam'; and in providing the country with an adequate milk supply. We depend almost entirely upon other countries for the great bulk of the foodstuffs we consume.

CHAPTER III

VOLUME OF TRADE

Sources of our Imports—Destination of our Exports—Countries with which we Trade.

An examination of our imports and the sources of their supply will, of course, indicate how largely we depend upon other countries for our foodstuffs and for the raw materials of our principal industry. I have arranged the chief imported articles in order of their value, so that their relative importance to us may be seen at a glance :—

Over £20,000,000 p.a.	Over £10,000,000 p.a.
Cotton, raw	Silk, yarn, etc.
Wheat	Fruit
Wool	Bacon
Oil, fats, and gums	Hides and skins
Wood and timber	Beef
Caoutchouc	Tea
Butter	Cotton yarn
Metals	Leather
Sugar	Mutton
	Maize
	Chemicals

Thus, as will be seen, the greater proportion of our imports is entirely in raw materials and foodstuffs. It is therefore obvious that we may expect to find the countries from which

we buy most largely agricultural and pastoral. The following indicates, in the order of their importance to us, the countries of origin of the principal articles :—

WHEAT, GRAIN :—Russia, British India, Canada, Argentine Republic, Australia, United States.

WHEAT, MEAL AND FLOUR :—United States, Canada.

BARLEY :—Russia, Roumania, United States.

OATS :—Russia, Argentine Republic, Germany.

MAIZE :—Argentine Republic, United States, Roumania, Russia.

It is in respect of our supplies of raw cotton that the United States is placed at the head of the countries from which we import goods, the amount received from that country forming three-fourths of the total cotton imported. The following are the countries supplying us with the bulk of our raw materials :—

RAW COTTON :—United States, Egypt, British India.

WOOL :—Australia, New Zealand, British possessions in South Africa.

When we come to deal with manufactured articles, our purchases are very varied and

spread over all countries of the world, but the total volume of such articles bears a very small proportion to the total amount of our imports, and need not be separately considered.

As we are the largest buyers of raw cotton, so we may expect to find ourselves exporting cotton goods more largely than any other article. Our exports may be placed roughly in the order of their relative importance as follows :—

BETWEEN £25,000,000 AND £90,000,000
Cotton piece goods
Iron and steel manufactures
Woollen and yarn manufactures
Coal, coke, and fuel
Machinery

OVER £10,000,000	OVER £5,000,000
Chemicals, drugs, etc.	Ships and boats
Cotton yarn	Cutlery and hardware
Apparel	Herrings and fish
	Oil, fats, and gums
	Carriages, carts, etc.

The volume of our exports is summarised as follows :—

	1911	ANNUAL AVERAGE OF QUINQUENNIUM 1907-11
Food, drink, and tobacco	£29,037,578	£24,501,711
Raw materials ..	53,725,530	53,310,920
Manufactured articles	362,222,627	347,974,355
Miscellaneous ..	9,133,563	7,377,678

It will be observed that we have increased our exports in each division, and

although the final official figures for 1912 are not available at the time of writing, it may be taken for granted, in view of the satisfactory character of the estimated returns, that the volume of our foreign trade in 1912 was higher than at any previous period in the history of the country.

British trade is greatest with our Colonies, if the latter are regarded as a unit, but as this would give an erroneous impression, I give below separately each of the countries and States, irrespective of British or foreign nationality, with which the United Kingdom trades according to the total volume of trade, omitting those whose trade is less than £25,000,000.

	Total Trade in Round Figures
United States	£179,700,000
Germany	116,700,000
India	89,800,000
France	77,700,000
Russia	64,800,000
Argentina	48,700,000
Canada	48,200,000
Belgium	37,000,000
Netherlands	36,400,000
Brazil	34,300,000
New Zealand	30,300,000
Egypt	29,800,000
New South Wales	28,000,000
Denmark	25,400,000

Our total trade with the British Dominions is increasing far more rapidly than the trade with other foreign countries, a sign pointing to an expansion in the productive power of our Colonies and a demand for industrial machinery and manufactured articles to meet the needs of their growing population. The total trade of the United Kingdom with foreign countries during the quinquennial period, 1907-11, was £4,234,200,000, which compares with £3,521,700,000 during the previous quinquennium, 1902-6. The total trade with the British Dominions for 1907-11 was £1,522,200,000, which compares with £1,221,300,000 for 1902-6. Our trade with our Colonies, therefore, during the later period increased by 25 per cent., as against an increase of 20 per cent. in our trade with foreign countries. Moreover, the figures for the trade with foreign countries include the Egyptian trade, which is under British administration and has advanced very considerably during the past five years.

The foregoing figures establish the two following facts :—

Firstly, that our commerce depends mainly upon raw materials imported from foreign countries ; and secondly, that our

manufacturers have relied largely upon the British Dominions for the recent increase in their trade.

Neither fact is quite satisfactory, and sooner or later British manufacturers will have to face two problems: (1) how to obtain raw materials without depending on foreign nations; (2) where to sell goods when the British Dominions have arrived at the stage when they can manufacture for themselves what the British manufacturers at present supply.

These two points we shall have occasion later to deal with at length.

CHAPTER IV.

TRANSPORT

Our Railway System—Difficulties of Transport—New Motive Powers—Development of Waterways.

BEFORE proceeding to deal with the various aspects of our foreign and home trade, I will deal with the important bearing which transport has upon the commerce of a country. The development of the natural water-ways before the era of railways was a necessary precedent to commercial growth, and at the present day it is still futile to attempt the development of an industry in any new country, or even in any part of the United Kingdom, unless adequate provision has been made for a means of transport. Some of the finest timber areas of the world, indeed, are to-day lying untouched despite the high price of timber and wood pulp, for the sole reason that there is no means of transport available. Economical, speedy, and regular transportation facilities are, in fact, essential to the development of commerce, and the more cheaply these can be provided so much the more quickly will the development of the

country proceed. Unfortunately, during the first half-century of their existence the railways of the United Kingdom were not constructed on any properly defined plan, with the result that we now possess in this country one of the most difficult and complicated railway systems in the world. Our traders as well as the administrators of our railways have good cause to deplore the railway boom of the 'forties,' which caused the country to be covered with a vast and complicated network of lines. To any one who surveys the position of the railways to-day and compares it with the general railway system of the country, say, in 1870, it must seem almost marvellous that any method at all could have been developed out of the engineering chaos of those days. Railways were constructed from point to point regardless of the needs of the districts they were to serve, of the necessity for forming junctions with other lines to more distant parts of the country, and sometimes even of the fact that they would run parallel with existing lines. When the first Railway Bills were introduced into Parliament, the ordinary traffic of the country was conducted upon the roads and canals, and the new system offered the country the option of an improved mode

of transit, which was naturally accepted on its own terms. The country at large is still paying the penalty for the mania of building railways haphazard, but traders do not suffer for the sins of our predecessors in that respect more than do the directors and railway officials at the present time in endeavouring to overcome the difficulties originated during the infancy of the systems. The railway companies have, on the one side, their shareholders to consider, on the other the traders. Millions of pounds sterling of capital have been in the hands of the families of present shareholders since the days when the companies were first established. The holding of railway stock was for many years regarded as a *sine qua non* among county families, presumably affording the holders some additional status as semi-proprietors of the railways running through their counties. Much of the present money invested in railway companies, therefore, forms part of trust estates, and as it has suffered very considerable capital depreciation, and in many instances entire loss of income-value, it is natural that many beneficiaries who are shareholders through their trustees should exclaim wrathfully at the losses exhibited by the railway companies. Whilst criticism is being directed

from this side, there is also an increasing antagonism between the railway companies and the traders, who have constantly been made to suffer under the domestic troubles of the companies. It has been pointed out that hitherto when a new and competing railway has been established it has endeavoured to divert existing traffic from its natural channel while, as an obvious consequence, retaining comparatively high rates on the non-competitive traffic. What one trader loses another may gain; what one company takes from another, that other company, in retaliation, seeks to recover from it again, and in the contest loss ensues to both. The dislocation of business resulting from this line of policy has, it is alleged, caused big losses to British manufacturers, especially when the preferential rates put into operation have been quoted for foreign imported produce. The individual trader is constantly at issue with the railway companies on questions of a similar nature, the annual report of the Railway and Canal Commissioners covering some hundreds of such cases heard by the Commissioners each year. Between these warring forces the executive officer has for some years been striving to bring about a more comprehensive system of working

the railways. Competitive lines have been abandoned, working agreements have been entered into, junctions and connections have been established between separate systems, and generally a great step forward in railway policy has been taken during the past ten years. Some of the amalgamations and agreements—notably that of the South Eastern & Chatham Railways—have not always proved to the advantage of traders, but where the agreements have been carried out with a view to the better development of the districts served by the companies, a substantial benefit has accrued to the traders in those districts.

There still remain many defects in the traffic facilities of the country, giving the manufacturers just cause to complain, especially when comparison is made with the advantages apparently enjoyed by many other countries. It should not be possible for Dutch and Belgian traders to send their produce to London over British railways more quickly and at less cost than the British producer. The official argument may or may not be acceptable. It is, that the railway company receives the whole of the produce at one time and is therefore able to rush it up to London in special trains at a cheap rate,

whereas the home produce has to be gathered from various parts of the country at various times and conveyed to London in slow trains.

This may be an explanation of the difficulties with which home producers have to contend in getting their goods to market, but no one is likely to accept it as the final word on the matter. The companies have been, after all, legally endowed with the powers for controlling the transport facilities of the country, and it is for them to devise and introduce new methods by which the home producer can compete on fair grounds with the foreign importer. The Great Eastern Railway has already done much towards improving the methods of collecting and carrying goods. By constructing short line railways, and running services of motor omnibuses, some of the more enterprising railways have opened up districts which will in time yield a substantial traffic revenue justifying the capital expended. Even the best friends of the railway companies are at times dispirited by the scant support some boards of directors accord to their executive officers in carrying out a progressive policy. The result of that indifference is that some of the best railwaymen in the country are being enticed to manage the big trunk railways now

being constructed in other countries throughout the world.

The excellent policy of friendly co-operation exhibited by our big railways during the past five years must be accompanied by a strong developing policy if the companies are to retain the confidence of the trading community. It was many years before the railway companies began in due earnest to electrify those parts of their lines serving crowded areas. Only when a great deal of unfair competition was set up by the State-aided tramway system did the railway companies take action. Now that motor omnibuses are being utilised for reaching more sparsely populated districts farther afield the railway companies will have to face additional competition. The Metropolitan Railway has shown the way to meet such competition by linking up their system with motor omnibuses and tramways, thus creating feeders to their own lines. The same methods might possibly be applied to other parts of the country with benefit to railways and traders alike. For years great dissatisfaction has been caused by the companies' unsatisfactory methods of carrying goods, through the congestion and delay involved in transferring them from one railway system to another. A

few years ago a practical proposal was put forward for the establishment of a great central clearing house for London. It has now been discussed for some time. It is not impossible that whilst the railways are hesitating to give financial support to the proposal, a formidable competitive system free of their control may be developed for carrying goods. The rapid discovery of new motive powers, together with the vastly increased capacity of the road vehicles for long-distance journeys, may bring about a wonderful development in the carriage of goods by road during the next generation. Manufacturers are already finding that in some instances it is more economical to convey goods by road direct from factory to consumer than from factory to the train depot, by train to another depot, and then from the second depot to consumer, with all the attendant risk, routine, and delay of a threefold change in transit. And where goods can be carried cheaply and swiftly it is quite certain that passengers will follow. The first trains run were primarily to carry goods, but the passenger revenue soon outstripped that derived from goods, until the railway companies found it advisable to buy up the canals and divert their goods traffic thence to th

railway lines. A great deal may yet be accomplished by the co-operative use of railways, canals, and roads in establishing a perfect cheap system of transport to any part of the country. There are over 4600 miles of waterways in the United Kingdom, nearly a third of which are at present controlled by the railway companies. In 1906 a Royal Commission was appointed to inquire into the canals and inland navigations of the United Kingdom, and in 1911 the Commissioners presented a voluminous report, wherein they recommended the constitution of a central public authority, to be known as the Waterways Board, which should acquire certain existing routes by a procedure resembling that adopted in the Port of London Act. It was the opinion of the Commissioners that 'waterways, even in their present condition, can obtain some share of local traffic in populous and industrial districts, where numerous works or collieries and wharves are situated on their banks or in their neighbourhood. In such cases, waterways are competing not against their modern rival, the railway, but against their original rival, the road. But the evidence also shows that our waterways do not, except to a small extent, and therefore, it

may be assumed, cannot, in their present state, effectively compete with railways for long-distance traffic of any kind.' The Government has been so much occupied with other measures, however, that no steps have been taken to carry into effect the recommendations of the Commissioners, but it is clear that the growing demand for better traffic facilities will make it necessary in the near future to take advantage of every possible form of conveyance whether by road, canal, railway, or sea.

The announcement in May, 1913, that the railway companies proposed to increase their rates both for goods and passengers is calculated to give a strong impetus to the development of transport both by road and by water. The Waterways Association has commenced an active propaganda which may have an important bearing upon the carriage of heavy goods between Midland towns and the coast. The Association was formed with the object of inducing the Government to bring in legislation to give effect to the principles contained in the recommendations of the Royal Commission on Canals (1909) by appointing a Waterways Board. The Royal Commission recommended that the four main

canals connecting the Thames with the Mersey and the Severn with the Humber should be acquired by the State and vested in a newly created Waterways Board, which would issue guaranteed Waterways stock in exchange for the property of each canal company. The first duty of the Board would be to make a thorough investigation of the whole situation, and to submit to Parliament a scheme for the improvement of the four routes, bringing them up to what is called the 100-ton standard.

The effect of these two proposals would be: First, to put an end to the present system of divided ownership, which makes any general improvement impossible, and hinders and hampers the long-distance traffic. Second, to eliminate the ownership of canals by railway companies, which have strangled canal traffic in their own supposed interest. Third, to widen and deepen existing canals, so as to allow of improved methods of traction, and to diminish to an enormous extent the number of locks which now waste so much time and water. It is not proposed that the State should act as a carrier. The Board would simply maintain the waterways and take tolls, which, however, would be very much reduced from present practice.

Dealing with the cost of acquiring the existing canals, it is reported that the net income of the canals to be acquired, omitting those showing a loss, is £237,876, so that an estimated figure on the basis of twenty-five years' purchase would be about £6,000,000. The total estimated outlay on improvements and completion of the scheme was £17,533,910. To meet the annual expenditure the Royal Commission recommended that the tolls should be fixed so as to render the improved waterways self-supporting so far as concerns maintenance, management, and interest on the capital expended on improvement. But as regarded the cost of acquisition they suggested that this should be borne by the State as a free grant, or by advances with a long-deferred period for repayment, or by a combination of both these methods. If these recommendations were adopted, the Commission estimated the annual charge to be met from tolls at £964,563, made up as follows: Interest and sinking fund at £3 12s. 6d. per cent., £633,411; management, maintenance, and pumping, £370,770, sundry expenses, £93,844, making a total of £1,098,025; less revenue from canals obtained from other sources than tolls, £133,462, leaving a difference of £964,563.

Whilst the railway will probably remain the principal means of carrying traffic, it should be possible to convey a very large proportion of bulky goods by canal. Goods such as coals, minerals, metals, brick, stone, timber, and other building materials, clay, pottery, manure, etc., should be transportable over inland waterways at a lower working cost than by our railways. All the canals situate in districts which handle heavy goods such as those described have already a considerable traffic, and the development of the canals would at once tend to relieve the railways of the least remunerative part of their traffic and to promote the trade of the districts concerned. If Birmingham, for example, possessed an outlet to the sea its trade would be very considerably increased, and many other large Midland towns would derive substantial advantage. It is hopeless to expect private enterprise to saddle itself with the large capital expenditure necessary to enlarge the existing waterways, and to give them uniform dimensions, for a great proportion of the benefits arising from the expenditure would accrue to the towns through which the canals ran and to the land, works, and warehouses adjoining such waterways. Any

proposals for the revival of the canals would have to emanate from the State and receive its financial support. It must not be overlooked that there has been a vast change in the conditions which led to many of our inland waterways becoming derelict. The coming of the motor-driven vehicle has revolutionised road traffic, and it is obvious that had the present motive power been in use half a century ago, it would speedily have been adapted to the barges and boats on the canals, and would have prevented many of the waterways being abandoned. Now, when the value of the motor-driven barge is realised, there are comparatively few canals that are navigable by them. Hundreds of miles of natural waterways are lying neglected for lack of a reorganising power to adapt them to modern conditions. Not until our whole system of transport is organised upon some well-defined plan can our agricultural producers hope to compete in price with importers of foreign produce. The question of organisation is so bound up with success in commerce that it must be discussed in a separate chapter.

CHAPTER V

ASPECTS OF OUR FOREIGN TRADE

Tariff Reform and Free Trade—British attitude towards Foreign Customers—Impediments to Trade Development—The Personal Equation in Commerce.

Whilst Great Britain, by virtue of her maritime supremacy, controlled the carrying trade of the world, her foreign trade expanded and developed to an unprecedented extent. As other nations competed for a place on the ocean highways, our manufacturers found themselves engaged in ever-keener competition with traders of other countries. The United States, then Germany, and more recently Japan, realised the trading advantages enjoyed by a nation capable of carrying its own goods, and the keenest competition now comes from the traders of those countries. Indeed, it would seem that of recent years their trade has so expanded that only by artificial means could so extensive development have been produced in so short a space of time. Leaving aside the question of the value or otherwise to our commerce of a State-aided tariff, it is generally agreed that other nations

have promoted the growth of their export trade in its early stages largely by State assistance. Whether such State aid, either by bounties or subsidies, has been of advantage in subsequent years, or whether the trade fostered under these conditions has been of general benefit to the people of the nation concerned, is a point upon which political economists will probably continue to disagree. In young and undeveloped countries the practice of granting bounties or State aid has been beneficial in attracting and building up industries, as, for example, in many Canadian municipalities, where preferential terms in the matters of land purchase and freedom from taxation have been offered as inducements to manufacturers with beneficial results. Especially where the enterprise is one which sets itself to provide for a public need, as do railways, steamships, gas, water, electric light, tramways, telegraphs, telephones, docks, harbours, etc., is there ample justification for the State giving assistance, provided that due regard is paid to the protection of future generations from any monopolistic hardships. Where a country is already developed and its public utilities are firmly established, however, it is questionable whether artificial aid in the form of bounties

or subsidies granted to an industry that does not supply a direct public need is desirable or beneficial. When we come to deal with the national benefits or otherwise of a preferential tariff, we enter into conflict with very varying shades of politico-economic belief. There are, of course, the two main parties, the Free Trader and the Tariff Reformer, and I cannot do better than reproduce here the respective arguments they use in support of their beliefs.

The Tariff Reformer says: 'Tariff Reform does not involve a revival of the old policy of Protection. It is imperative owing to entirely new conditions affecting our agricultural and manufacturing interests, and also to the economic needs of Empire. Tariff Reform, moreover, suggests the only rational and practical method of raising the revenue required for social reform and the administration of the realm. It would secure this by removing a large part of our present oppressive taxation on food and tobacco, and put duties instead on imported foreign manufactured goods and products, which compete with things we manufacture and produce in this country. Such taxes would be paid partly or wholly by the foreigner, who would either

have to reduce his prices or lose our market. Food prices would not be increased, because competition would be set up between a taxed and an untaxed supply, and such competition has a tendency to keep down prices. Tariff Reform in its Imperial aspect is concerned with the federation and conservation of the Empire. In view of the relative growth of rival States, it becomes a primary duty to develop the wealth and productive power of every part of the Empire to the fullest possible extent, and to encourage the maximum of commercial intercourse, thus making the various parts mutually independent, and the whole, as far as possible, self-sufficient. Tariff Reform, therefore, means the scientific regulation of trade and finance in the interests of the Empire as a whole, in place of the present policy of *laisser-faire*, which is the corollary of Free Trade.'

The Free Trader says: 'The proposed taxation of imported food, and of commodities, whether manufactured or not, which are in effect the raw materials of our industry, would raise the cost of our own requirements, thus limiting the purchasing power of our population; while it would interfere with our powers of competing with our foreign rivals in neutral

markets. It would thus lead to the restriction both of our home and foreign trade, with consequent unemployment, diminished wages, and lowering of our standard of comfort. At the same time it would draw from our consumers in taxation an amount quite out of proportion to the revenue which it would provide for purposes of the State. The imposition of a tariff would be immediately followed by the cancellation of the favourable tariff treatment which we now receive from practically every foreign country in the world, and the substitution of maximum tariffs against our goods. Free Traders deny, as contrary to the experience of all protected countries, that the burden of import duties can be transferred to the foreigner, except perhaps in a very limited number of cases, which cannot be pre-determined, and then only to a very minute and temporary degree. They deny that the fiscal manipulations, which are necessarily involved in the proposed scheme of Imperial Reciprocity of Colonial Preference, can produce any satisfactory result in strengthening the bonds of Empire, but contend that they will rather result in straining the bonds happily now existing; and finally they anticipate with dread the possibility of the growth

in this country of political corruption and the fostering of selfish interests with which, in too many instances, the growth of Protection is irrevocably linked.'

There are, in addition, varying schemes of Tariff Reform under which their respective supporters would confine the tariff to goods produced outside the British Empire; or would admit all raw materials free, irrespective of country of origin, and tax to the highest extent the amount of labour contained in the manufactured article; or would use the tariff only for retaliation purposes when countries raised the tariff against British goods; each scheme having many adherents and enthusiastic believers in its ultimate adoption. As a considerable amount of literature has already appeared on the subject, and the various merits and demerits of the schemes have been publicly discussed in Parliament as well as on public platforms throughout the country, it is not necessary to dwell upon them in this book, except to express a pious hope that in the near future it may be possible for our statesmen to approach this subject on non-partisan grounds, and to arrive at a *via media* which may commend itself to the Tariff Reformer and not be violently opposed by the Free Trader.

Meanwhile it will be more profitable for the country to study the circumstances under which we are already losing ground in some parts of the world, and also to seek to discover where we may gain ground in other localities by the application of some of that practical common sense upon which the British manufacturer justly prides himself. No one can read the reports of our commercial attachés at the British Embassies of various foreign cities without remarking the negligent manner in which we are inclined to treat our national customers. After all has been said and written that can be said and written about the Imperial mission of the English race, we must come down, sooner or later, to the hard cold fact that our national existence depends on producing goods and selling them to other people—in short, that we stand towards other countries in the same relation as does the tradesman to the customer whom he hopes will enter his shop and buy. We should never forget this; for the moment we overlook the fact that we are 'a nation of shopkeepers' and begin to imagine that we rule the world solely by virtue of some divinely ordained mission in life, we shall be forsaking truth for cant and hypocrisy, and

shall begin to lose the very supremacy we prize.

To be a shopkeeper is not to be ignoble. I see no evil traceable to the bourgeoisie in Venice at the height of its trading supremacy; but in that city to-day, one cannot fail to see much that is ignoble in the condition to which the people have fallen as a result of the indolence and luxury that set in at the end of the sixteenth century. There is nothing to hinder Great Britain leavening its genius for shopkeeping with a taste for and delight in the sciences and arts such as distinguished the Venetian at the height of his commercial success. An arrogant independence and neglect to comply with customers' requirements can be just as effective in destroying a nation's trade in foreign markets as in driving the average shopkeeper to the Bankruptcy Courts of Carey Street. Whilst many foreign markets had no option but to purchase goods from British manufacturers half a century ago, their custom is now eagerly sought after by the travellers of Germany, America, and even Japan. The control of many markets in South America has been lost to us through our adopting a 'take it or leave it' attitude. Difficulties that have arisen might often have been speedily

adjusted by the British manufacturer had he been content to sacrifice a little time and trouble; but the British manufacturer did not, in the past, think it worth while taking pains to propitiate, say, a small merchant house in Buenos Ayres, when the total population of that city in 1895 was only that of an English provincial town. Now that the capital city of the Argentine Republic has so grown in affluence and extent that it is described as the 'Queen of the South,' and ranks among the first eight or nine cities of the world in respect of population, the British manufacturer finds it essential to open large and well-equipped depots and warehouses, if he is to compete successfully with other nations for that very trade that he once despised as too insignificant. For years our British exporters sent out annually hundredweights of catalogues printed in English to South American cities, where the prospective purchasers of their goods could not read a word of the English language. The salaries of clerks in foreign mercantile houses were increased if they knew English, because it was only from England that certain goods could be procured, and correspondence had to be conducted in the only language understood by the English

manufacturer. Imagine a Spaniard opening a drapery establishment in the Strand and displaying in his window goods priced in *pesetas*, measured in square *varas*, and described in abbreviated Spanish. On a customer entering his establishment, add to the Spaniard's linguistic difficulties an arrogant manner blended with the finest 'take it or leave it' attitude, and we are able to obtain a slight idea of how the English manufacturer appears to his customer in any Latin-American country. Truly, we should not be surprised that we have lost some markets, but that we have any markets left to lose!

Fortunately, the tradition that the productions of the English manufacturer may be implicitly relied upon has counteracted a great deal of the competition with other countries in foreign markets, and many merchants have preferred to submit to all the difficulties which have attended doing business with England rather than take the 'cheap and nasty' goods often offered by our competitors.

The new markets of the world are not only in our Colonies. There are thousands of miles of undeveloped country in South and Central

America, in many parts 'riddled with riches,' either pastoral or mineral; there are thousands of miles of land with a teeming population in the Far East as yet untouched by the European exporter; and there are thousands of miles of undeveloped country in Russia and the Southern States. As the population of the world expands, these huge areas must become new markets for the world's goods, and if we add Canada, Australasia, Africa, and India to the markets which are still undeveloped, it would seem that the British manufacturer has yet many new fields that he can cultivate in place of those which may be lost or become unprofitable. To do so, however, he must be prepared to adjust his conditions of business to the requirements and peculiarities of the countries with which he proposes to trade. At the time of the 'Made in Germany' scare, much publicity was focused upon ways in which British manufacturers could improve their relations with foreign customers; but a great deal yet remains to be accomplished in this direction. I have already referred to the necessity of printing catalogues in the language of the country in which they are to be circulated, there should also be realised the desirability of pricing the goods in the currency of the country

and using the weights and measures in vogue there. Our catalogues are almost invariably too complicated, containing too much reading matter and being poorly illustrated; exact information as to how the goods are put up is often lacking, and no weights are given. A British Consul recently cited a case in point, where, in a toolmaker's catalogue, the weights per hoe were stated without the size in inches, and for other patterns Nos. 1, 2, and 3 were given without any statement as to weight or size; whilst adzes were also sold by numbers, but there was nothing to indicate the difference between one number and another. Manufacturers are so accustomed to deal at home with buyers exclusively in their own business that they lose sight of the fact that in young countries the bulk of the imported purchases for several industries go through one dealer. Although in most cases machinery is ordered by practical engineers, yet in a large number of instances the men who have to pay for the machinery are capitalists without any special technical training. These men could certainly appreciate the advantages to be gained by ordering British machinery through the medium of a carefully compiled catalogue, if such a catalogue, besides giving the technical

details, were to explain also the advantages of employing the class of machinery in question. Much stress is also laid upon the packing of goods for export. The attractively-boxed and neatly-packed articles sent out by Germany are often preferred, although inferior in quality. Ironmongers in our towns will not perhaps feel offended if I quote what our Consul at Tampico says on the point:—

'As regards the hardware trade, the arrangement and general neatness of the stores in this country is superior to the general run of ironmongers' shops in the United Kingdom. Goods arriving in a slovenly, unattractive manner meet at once with failure and disfavour. The idea of creating a good impression should never be lost sight of. The storekeepers are pleased when they see their goods arrive well boxed, labelled, and in good condition; the salesman is also pleased when he finds the goods put up in such a manner as to give him the minimum amount of exertion in selling them.'

The Manchester manufacturer has, on the other hand, acquired a reputation for the packing of his printed cotton goods, and, as a result, they have been able to compete with similar products from the United States, even

when prices have been run down to bedrock levels, owing to over-production in that country.

The necessity of studying on the spot the class of goods suitable to the requirements of a country seems to be obvious, but it is a practice that the British manufacturer does not seem invariably to follow. Travellers in different parts of the world, for instance, know how a saddle varies according to the characteristics of the country in which it is used. Whether the land is mountainous or low-lying, agricultural or timbered, and whether the journeys taken are of long distance or only for promenading, are factors which regulate these variations in the article, but the English saddle manufacturer takes no heed of them, and supplies the British article indiscriminately.

These few points are cited merely to show that much yet remains to be effected in the way of reform if the seed which the German traveller is scattering in many hundreds of the small villages of to-day is not to grow up and stifle the British manufacturer's goods, when those small villages become the big cities of the next half-century. The British manufacturer still has everything in his

favour. There are few countries in which his travellers are not welcomed in preference to those of Germany, America, or other nations. He has behind him long traditions for honourable dealing and the sterling character of his goods. In Chile the native says 'on the word of an Englishman' when he wants to impress the truthfulness of any statement on his listener. The traveller for commerce may lay credit to having created this respect for the Englishman's word, as much as can the traveller for pleasure. Particularly in the Orient is there a great necessity to maintain the highest standard of character and education among commercial travellers and agents, for the Oriental is reported to be a keen admirer of education, and quick to discern whether a man is well educated or not, and it is important that those who seek to win his confidence in our trade should be men that he can respect.

A great deal may be done towards the opening up of new fields for British commerce by our commercial chiefs combining pleasure with business. The occasional visits of prominent British manufacturers to the growing towns and cities of foreign countries, the entertainment of local merchants, and an exchange

of courtesies with leading officials of the local Governments would go a great way towards improving our trade relations. Many manufacturers who at present confine their winter and summer holidays to Switzerland and the Riviera might with advantage pay periodical 'holiday visits' to some of the cities with which their firms do business. In some firms it is the custom for each partner or director to undertake in turn a triennial tour, so that each customer is called upon once every year by a head of the firm, not for the direct purpose of booking orders, but for the exchange of ideas and compliments. Even where the language difficulty may be a bar on one side or the other, a merchant regards the mere fact of a visit being paid to his town and to him personally as a great compliment. The manufacturer is not likely to lose by his proffered courtesy in any specific instance, while, in a broader aspect, he would probably gain very considerable profit from his holiday in the way of experience of the customs of the country with which he is doing business. Many makers of agricultural machinery willingly pay hundreds of pounds for advertising in a country when they would secure a far greater advertisement for their goods by themselves taking a tour

through that country and making the personal acquaintance of the merchants and buyers who are their customers.

These are the new methods which must be applied to meet the new conditions of foreign commerce. They should be adopted by the British manufacturer without delay and before the enthusiasm for travel now growing in Germany causes the German manufacturer to realise, if he has not already realised, that such visits have money in them.

CHAPTER VI

UNDEVELOPED COMMERCIAL FIELDS

South America and the Monroe Doctrine—Opening of Panama Canal—Developments in Russia—Demands of the British Colonies—The Industrial Growth of India—Effects of Emigration on Industries.

REFERENCE has already been made to the undeveloped fields of commerce in various parts of the world. By this it is not meant that there are certain markets free from competitors and only waiting for the arrival of the commercial traveller. The British manufacturer is already awake to the possibilities of business with every market which has any substantial orders at its command; but he is still inclined to disregard those parts of the world which yet remain undeveloped and without any purchasing power, such as may be found in Asia (China and Japan); in Europe (the Balkan States); in South America (Patagonia, Paraguay, and Peru); in Central America (Costa Rica, Guatemala, and Nicaragua). These countries cover in the aggregate many millions of square miles peopled by hundreds of millions of diverse races in

various stages of civilisation. The greater part of them lack the means of purchasing the British manufacturers' goods. The average commercial traveller would tell you quite truthfully that there is not sufficient business in his special line to pay the expenses of a visit to such regions, and that he cannot afford to waste his time opening up ground for the next generation of travellers coming after him. In this matter the British manufacturer is not, or rather should not be, in agreement with his representative. These vast districts which are now undeveloped, and therefore unvisited by the commercial traveller, will be among the consuming powers of the future. When the Patagonian wastes are no longer wastes, and the mineral riches of Paraguay and Peru are made accessible to the outer world, they will be no less profitable to the British exporter than are already Argentina and Chile. But they need cultivation, whereas at present they are neglected. Many of our successful newspapers at home have representatives and agents in villages that do not provide sufficient revenue by sales or advertisements to pay the postage account of their reporters; but the newspapers are growing with the villages, and

the capital they have thus sunk will yield its return years hence when the villages have become populous towns. Similarly, although the shareholders of the big joint-stock banks are apt to cavil at the heavy expenditure on branch establishments in the suburban areas of London, the directors recognise that the Metropolis is growing at a pace which will render such branches a source of considerable profit in the near future. Brixton, for instance, once a residential suburb for City merchants, has become an integral part of London, and customers' cheques are cleared as rapidly as they would be at almost any West End branch, with the result that business is expanding for the banks located there. The same degree of foresight should govern our attitude towards the undeveloped countries and areas of the world. To the manufacturer and employer who has only a life interest in his business, the practice may not appeal, since it is likely to be non-productive for many years; but it is the basis upon which the enterprising German houses are building up an ever-growing trade.

Without entering upon a subject which is likely to become a grave point of contention, I may here refer to the effect of the Monroe Doctrine upon the commercial development

of South America. Whether the United States policy of 'Americanising' the whole of the South American continent by enforcing an order of 'hands off' against any European Powers is 'recognised' internationally or not, it is unlikely to be directed against Great Britain. For many generations to come our surplus population will find sufficient outlet in our many Colonies, and it is improbable that we shall ever be led to make a war of conquest upon any South or Central American State for the sole purpose of providing new areas for emigration. But the same cannot be said of Germany, whose need for enlarged Colonies is imperative; neither is it impossible that the growth of her trade in certain parts of South America may in time lead to such conditions as would practically Germanise those particular parts of the continent. Herein the Monroe Doctrine becomes a safeguard for the trade of others, because it prevents one or more European Powers establishing any kind of Government in South America without coming to open rupture with the United States, a contingency not to be lightly incurred. I do not believe that the Monroe Doctrine is a myth; yet I think that Great Britain will never have to regard it seriously as dangerous to her

trade expansion in South America. There should consequently be no nervousness among British manufacturers in opening up commercial relations even in the most remote parts of South and Central American countries, for the expenditure need not be extravagant and the return in years to come should be abundant.

In Russia we hardly realise the possibilities of the next ten years. Not only has the Russian Admiralty recently obtained power to expend over 500,000,000 roubles on naval construction, but a similar sum is to be spent on the enlargement and equipment of several Russian ports, and other sums on the sluicing of rivers and the construction of interior river ports, new fortresses, canalisation, etc. It is estimated that at least 20 per cent. of the money set aside for these improvements is to be spent abroad. In anticipation several German, French, and Belgian firms have already established branches in Russia in the shape of Russian technical bureaux, but nothing has yet been done by British interests. This is not a matter which should be left to the enterprise of an individual firm, but should form part of our national organisation. The work of representing British interests in this

respect is quite as important as the necessity of providing money and a staff to secure for the British Foreign Office a minutely detailed report of the naval purposes to which the Russian Government intends to devote the money. For we may be certain that such report has already been received at our Foreign Office, but we are not quite so certain that details of the expenditure on foreign goods has been received by the Board of Trade, or that steps have been taken to look after British manufacturers' interests in the matter.

A second most important factor in the development of South and Central America is the completion of the Panama Canal. South of the Isthmus of Panama extends a coast line of five thousand miles down to the south of the Chilian Republic, and north-west runs another coast line about three thousand miles in extent. The countries whereto these coast lines give ingress buy and sell with the rest of the world a trade valued at nearly £100,000,000 per annum. When the canal is opened and the Pacific ports of these countries are placed in closer touch with those of Europe, this trade with the Western Pacific Coast should show a vast expansion. It has expanded during the past ten years by no less

than 100 per cent. despite the drawbacks in communication, and British manufacturers cannot afford to neglect the possibilities opened up by the development of these countries.

Whilst the British manufacturer is 'nursing' the undeveloped areas of the Far East and of South America, the British Colonies are, and should be for many years to come, supplying him with big orders for their fast-developing industries and commerce. The builders of our Colonial Empire have followed the ecomonic principle that every man, woman, and child added to a country's population represent a new and productive asset. Those who begrudge the draining of Great Britain in order to provide our Colonies with their life-blood should not forget that every unit added to the population of Canada, Australia, New Zealand, and Africa means an increase in the earning power of those countries, and consequently a substantial advance also in their purchasing power. The remarkable growth in the population of Canada during the past two decades has necessitated the construction and equipment of thousands of miles of railroad. During the past ten years our railway wagon and locomotive workshops have been working under the greatest pressure to supply

the demands made upon them for rolling stock for our Colonies. Similarly most of the work occupying our machine-shops has been on account of pressing Colonial demands for machinery for all classes of industries, from the widespread and established agricultural industry down to the small and newly erected candle-making factory of a western township. Hitherto we have been apt to look upon our Colonies solely as grain-growing, stock-raising, and wool-producing countries. The industrial expansion in Canada during the past years has tended to moderate this impression, and her patriotic desire to establish shipyards to build Dreadnoughts has probably shown the 'old people at home' that wheat-growing is not her only mission in life. In 1900 Canada had 264 different kinds of industries; in 1905 the number was 274; in 1910 it was over 300. Canada's exports of manufactured products is now about $144,000,000, and although this figure may seem relatively small to older countries accustomed to big export returns, it represents an increase of 70 per cent. for the past ten years. Out of a total population of 7,231,000, some 514,000 are engaged in industrial factories, workshops, etc., and reckoning that

every industrial worker supports, on an average, at least two others on his or her earnings, Canada has more than one-fifth of her whole population directly interested in her industrial activity. This does not take into account the large number who are indirectly employed. Each year sees our Colonies establishing workshops and factories to supply their own requirements, and, although it may be many decades before they are in a position to do so fully, the probability is one which the British manufacturer of the next generation will have to face.

Canada does not stand alone in this respect. Australia and New Zealand are rapidly increasing their manufacture of articles consumed at home. If the exports of the United Kingdom to our Colonies during the past ten years are analysed, it will be found that those exported articles which show the greatest increase are mainly machinery. It is going to equip the workshops and to make articles hitherto imported by our Colonies from Great Britain.

Nowhere is the change more apparent than in the Indian Empire, where vast steel and iron works and big manufacturing industries are gradually being established. I do not refer to the workshops of the

Government railways, military works, or other semi-Government establishments, but to private enterprises financed and directed by the Indian people themselves.

India is, indeed, one of the finest and most important markets which the world has to offer in the future to the British manufacturer. Given three or four good monsoons and it will be impossible to set a limit to the demands of the natives of India for goods which British manufacturers have for sale.

The figures for 1912-3 clearly indicate the great growth of Indian trade. In that year India's external sea-borne commerce reached a total of £268,500,000, an increase of nearly £28,500,000 as compared with 1911-2.. The imports of foreign merchandise aggregated £107,300,000, an advance of £15,000,000, and the exports £161,200,000, an increase of £13,320,000. India, of course, is always liable to disaster owing to the failure of the rains, but, taking a broad view, there is nothing extravagant in the prediction that in the not far distant future her foreign commerce will exceed £300,000,000 per annum.

The detailed figures for the past year have not reached this country at the time of writing, but a newspaper correspondent

cabling home shows that the value of the imports of cotton goods of all kinds, including twist and yarn, amounted to £42,030,000, an increase of £8,260,000. Imports of piece-goods and twist and yarn from the United Kingdom are returned at £36,000,000, which represents an advance of £7,500,000. The receipts of sugar rose by nearly £2,000,000, the aggregate being £9,560,000.

The increasing importance of India as a market for foreign manufactures is strikingly brought out by the figures now presented. The imports of motor-cars reached £860,000, of which £660,000 came from the United Kingdom, while machinery and mill-work to the value of £3,670,000 was received. Railway plant and rolling stock figures at £4,300,000, instruments and apparatus at £960,000, and glass and glass-ware £1,116,000; hardware, exclusive of cutlery and electro-plated goods, at £2,280,000, chemicals at £620,000, and drugs and medicines at £700,000.

Another indication of the swift growth of our Colonies towards industrial strength is also to be found in the emigration figures of Great Britain. The families who emigrate continue to be drawn mainly from the agricultural classes, because of the attractive terms

upon which they can acquire farms and homesteads; but the number of skilled workmen who are attracted to the Colonies by the high wages paid to industrial workers is also on the increase. Fortunately for Great Britain's surplus population there remain uncultivated vast areas of land both in Canada, Australia, and South Africa which will provide homes for agricultural labourers for many generations to come; but, as decade succeeds decade, the demand from the Colonies and India for skilled artisans will increase proportionately in order to satisfy those countries' industrial requirements. What will become of Great Britain's export trade if her Colonies win their way to a position wherein they can meet their own industrial needs? It is possibly a far-flung hypothesis, but the speculations of to-day often become the certainties of to-morrow.

Before leaving the question of emigration, there is one point which manufacturers and, indeed, all who have any trade relations overseas, should carefully note. Every few years the trend of emigration changes. In the quinquennium 1894-8 there was the rush to South Africa (resulting from the gold discoveries on the Witwatersrand); 1898-1903 and 1903-8 there was a steady flow to Canada;

and during 1908-13 there was a wonderful increase in emigration to Australia. Manufacturers would do well to keep a watchful eye on the outward passenger movements from the United Kingdom, and the destination of the passengers. The figures are published monthly in a Government return. It is obviously impossible for a steady flow of twenty or thirty thousand persons per annum into one of our Colonies to take place without a wonderful stimulus to the activities of that country in every respect, and wide-awake exporters will anticipate the demands for manufactured goods which must ensue.

Similarly the harvest conditions and crop reports are a valuable indication of an impending period of prosperity in any country. I have heard an exporter of hardware goods assert that harvest reports from the Colonies do not interest his trade: that they only interest makers of agricultural machinery. He overlooks the fact that the latter are more interested in pre-judging harvest conditions and the possible demand for agricultural implements than in learning the actual harvest results, unless, of course, they have big credits open. On the other hand, it is the profits resulting from the harvest which

should interest the exporter of general goods, for those profits will be used for the purchase of goods which would not be considered in a time of bad crops. For a similar reason, as is generally known, a boom on the London Stock Exchange makes the jewellery trade of the West End quite busy. Competition for trade among the nations is too keen for any advantage to be let slip, and a half-hour's thoughtful perusal of the monthly emigration returns as well as the harvest reports from agricultural countries, the stock reports from pastoral countries, and the commercial reports from industrial countries, would certainly not be time wasted.

CHAPTER VII

ASPECTS OF OUR HOME TRADE

The State and Municipal Trader—The Corporate Trader—Multiple-shop Trading—The Industrial Trader.

It is customary to speak of the export or foreign trade of Great Britain as though it were distinct from the home trade. Possibly it is the wider public attention given during the past ten years to tariff matters that makes us speak of the home and the foreign trade as if some impregnable barrier existed between them. Any distinction thus set up is quite artificial, for the principles underlying both are very similar. Any action affecting our foreign trade would speedily react upon our home trade, and vice versa, and anything which affected either would also affect the country generally. Our home trade may be split up into three classes: Trading enterprises carried on by the State; by corporate bodies, such as companies; and by the individual. We will deal with them separately. The policy adopted by Great Britain in carrying on its industries is closely watched by other countries, which in many, if not in most, cases often follow our lead, shaping their own trading

policy on lines similar to ours. In one direction, that of municipalisation of trade, we have perhaps followed other countries rather than initiated a policy of our own, and it is questionable whether what we have copied has proved of much benefit to the country.

For example, it was the favourite argument of municipal advocates in the 'nineties to point to any 'small German town with a splendid system of electric trams running in every main thoroughfare and furnishing a big profit to the town,' and to paint a glowing picture of the contented burgher and his wife and family going for long rides in the country on swiftly-moving electric cars owned, every bit of them, by himself and his fellow-townsmen. Well, there are few municipalities in this country which do not now possess their own electric tramway systems, or have a lien upon their future disposal, but whether such tramways are always profitable remains a debatable question.

The primary purpose of municipal trading is to carry out works of a reproductive character so that the community shall receive a yield either in profits or services. What are reproductive works? An attempt to answer this question was made in a table drawn up by

the Joint Select Committee on Municipal Trading which sat a few years ago. The reproductive works there reviewed were water-works, gas-works, electricity supply, tramways, markets and slaughter-houses, harbours, piers, baths and wash-houses, working-class dwellings, cemeteries, etc. Unproductive works—apart from the great State Departments of Education, Police and Highways—consist of free libraries, parks and open spaces, museums and art galleries.

Considerable differences of opinion exist as to whether some of the undertakings specified may justly be described as reproductive in character. It has been urged, for instance, that the capital expended on baths has been out of all proportion to the profit possibilities or the needs of the people. Examples have been given of bath establishments, notably that of Camberwell, fitted up with drinking fountains in marble and gold mosaic, and staircases of Sicilian marble; and also those at Bradford, where there are Vichy douche baths, dowsing, radiant-heat and light baths, electric sun baths, Turkish and Russian baths.

The business man will readily understand the difficulty of the task which lies before any

municipality endeavouring to make such heavy capital expenditure yield an adequate return. It is not surprising, therefore, to find in the results of this department municipal trading has often proved barely, if at all, profitable.

Again, the rapidity with which methods of locomotion have changed of late years and will probably continue to change in the future is causing many business men to look with great misgiving upon the heavy capital involved in the various municipal tramway systems. In some towns the tramways appear to be yielding a handsome profit; in others a profit can only be shown by reducing the amounts written off for depreciation to an absurdly low figure; and in others the tramway system is carried on confessedly at a loss, but is defended on the ground that it provides very cheap travelling for the people.

The pros and cons of municipal trading are too many to recount in these pages. For the purposes of our present inquiry, the important questions are: How far may the principle of municipalisation be extended in the future, and what is likely to be its ultimate effect upon the general commerce of the country? The nationalisation of railways, and a revival of the canals with State subsidies, is no more remote

than the establishment of State doctors was thought to be ten years ago. The principle can be applied, moreover, to other branches of commerce and industry, and it is not difficult to realise how the municipalisation of one branch of commercial life would be held to justify another, and so on. The chart on page 108 will best indicate this.

The stages in the progress towards municipal trading ownership may be easily traced in each of the class of enterprise. The running of motor buses by municipalities follows as a natural sequence on their ownership of tramways; the establishment of *crèches* or nurseries for the general use of the community is but a logical outcome of the construction of working-class dwellings; the giving of concerts follows the foundation of public libraries, and the exploitation of boating on the lakes in the parks is a natural sequence of their ownership.

If tramways are owned by a municipality, there would seem to be no logical reason for railways and canals remaining outside the proprietorship of the State. Where there are common nurseries there may as well be common laundries. If the care of a score of babies can be brought under one roof to the benefit of the baby and the economy of the

I.—REPRODUCTIVE WORKS.

GASWORKS, ELECTRICITY SUPPLY, WATERWORKS, TRAMWAYS, HARBOURS.

Motor Buses | *Ferries* | *Canals* | *Cold Storage* | *Telephones*

II.—PARTIALLY REPRODUCTIVE WORKS.

BATHS AND WASH-HOUSES, WORKING-CLASS DWELLINGS, ETC.

Haircutting Estab. for Children | *Free Dentistry for Children* | *Common Nurseries* | *Model Lodging-Houses* | *Allotments* | *Common Kitchens*

III.—UNPRODUCTIVE WORKS.

LIBRARIES.

Picture Galleries | *Winter Gardens*

PARKS, RECREATION GROUNDS, AND OPEN SPACES.

Boating Lakes | *Refreshment Houses* | *Entertainment Pavilions*

working mother's time, so will there naturally follow a common kitchen in which the dinners of a score or more families may be cooked to the economy of the workers' time and possibly to the benefit of their digestion. Where wash-houses, free dentistry, and oculists are provided for poor school children, there should certainly follow a provision of free haircutting.

Among unproductive works, if concert halls and winter gardens are legitimate objects for municipal expenditure, there should surely be no bar to the municipalisation of town theatres. The question of whether this general municipalisation of industries would be beneficial to the country cannot be raised here, and is probably one upon the theory of which no two persons will be found to agree entirely. Incidentally, the reader can test this for himself by putting the following questions to any two persons, and asking for a reply to each in the negative or affirmative without any qualification:—

1. Do you think it is good that in poor-class districts mothers should be able to obtain for their children guaranteed pure milk at a fair price from milk depots under the control of the local authority?

2. Do you think it desirable that concert

halls should be owned by the local authorities, and used for the purpose of providing public concerts?

3. Do you think it desirable that the local authorities should create establishments where the public can purchase guaranteed pure sugar free from sand, butter which is butter, and coffee which is coffee?

4. Do you think it desirable that theatres should be owned and run by the local authorities?

The replies to the foregoing questions will probably be :—

1. Yes, most certainly. (Ladies especially will answer decisively.)
2. Yes.
3. No. (Though some mothers would probably say, Yes.)
4. No.

Now, an examination of the questions will show that if the answers to Nos. 1 and 2 are in the affirmative, then, logically, the replies to Nos. 3 and 4 must also be in the affirmative. For, if the supply of milk should be municipalised, why permit sugar, which is so largely consumed by the poorer classes, to go free from similar control? In the same way, if concert halls are municipalised, why not theatres?

Let it be understood that the municipalisation of each and every one of the foregoing works—productive and non-productive—may or may not be justified. I am not prepared to say that *crèches* have not proved a valuable boon to the poorer working women or that boating on the public lakes is not a form of recreation for which public money may legitimately be used. Only do not let us deceive ourselves as to the logical outcome of this nationalisation of industries.

Firstly, we must expect to build up an enormous debt. Eighty towns of this country have already expended a total of over £50,000,000 on *unproductive* works. At three-and-a-half per cent. interest, this involves the payment of nearly nine million pounds sterling per annum out of the rates of those towns. Secondly, the small employer and retailer must anticipate the time when the natural development of municipalisation will hit him personally. The grocer now regards the supply of electric lamps and gas-stores by the Borough Council as something to be proud of, and an excellent, business-like plan, beneficial to the locality in which he carries on business. But he will begin to share some of the feelings of the master gas-fitter and retailer when he

learns that the Borough Council has decided to establish a municipal grocery stores with capital borrowed on the security of the rates, towards which he will be forced to contribute his proportion. For the supply of electric lamps and gas-fittings at cost price by the municipalities has naturally followed on the supply of light; and the supply of groceries and similar provisions at cost price will doubtless in due course follow on the supply of free breakfasts and the establishment of refreshment rooms in public parks.

It is an easy stage of transition from the retailing of goods to the manufacture of goods. Once the municipalities have become financially involved in the retailing of goods, they will resort to their manufacture, and by co-operation among themselves set up Local Government-owned factories and workshops which will enter into competition with private firms.

The growth of joint-stock trade practically dates from the introduction of the Companies Acts, only a very small number of incorporated bodies being engaged in home trade prior to the introduction of the present form of limited liability. Every branch of commerce, from the building of ships down to the selling of

sweets, has been made the object of joint-stock company formation, and upwards of 50,000 undertakings* are believed to be carried on to-day in the United Kingdom under the ægis of the Companies Acts, with a paid-up capital of £2,222,293,974. This huge sum, it may be noted, does not include the large capital concerned in railway enterprises, which are incorporated by special Acts of Parliament. A large proportion of it is, however, engaged in enterprises outside of the United Kingdom. Probably the most profitable and stable of the many modern classes of commerce in which this large joint-stock capital is engaged is that of the banks.

Banking practice in this country, of course, differs considerably from that obtaining abroad. Our bankers do not make themselves responsible, except to a very limited extent, for the financing of private industries. The fortunes of Continental bankers, on the other hand, are bound up in the private industrial growth of the country, because companies do not apply direct to the public for capital, but borrow it from bankers, who become houses of issue, and are thus directly responsible for the financial welfare of the large number of industrial and other undertakings whom they finance. The

bulk of the funds of the British banks is utilised in international and national trade, that is, in financing the movements of the country's commerce here and abroad by means of short loans. The fundamental principle underlying the British banking system is that their funds should be as liquid as possible. During the past decade the securities in the hands of British bankers have been written down to such an extent that their financial position is extremely strong at the present time in comparison with, say, 1900. During the same period the deposits of banks have grown by over £200,000,000, and owing to the prolonged trade prosperity bankers have been able to utilise their additional funds to a profitable extent. Here are a few figures which show the combined strength of the banks of the United Kingdom:—

	1900	1912
Capital paid up ..	£82,194,000	£85,518,000
Reserves	45,817,000	49,175,000
Deposit and current accounts	825,419,000	1,088,614,000
Profit balance ..	5,838,000	6,047,000
Cash in hand and at Bank of England	151,101,000	190,393,000
Money at short notice	69,143,000	114,813,000
Investments.. ..	227,425,000	246,338,000
Bills discounted and advances	537,041,000	695,031,000

The profitable use to which bankers have been able to put their money during the past few years is indicated by a comparison of rates. In 1912 the average rate allowed by bankers on deposits was £2 5s. 6d. against £1 19s. 4d. in 1911, £2 4s. 6d. in 1910, £1 12s. 0d. in 1909, and £1 9s. 3d. in 1908. As bankers were able in 1912 to use this money at from 3 per cent. to 3½ per cent. on call and short notice and in the discounting of bills, and at from 4¾ per cent. (or 1 per cent. over the average Bank Rate) for advances to customers, it will be gathered that the last year has been a profitable period for British banking.

The banking system of Great Britain stands in very close relationship to the home trade of the country. Without successful manufacturers and profitable commerce there would be little need for bankers. Manufacturers and merchants require money to carry on and develop their trade, and, on the other hand, bankers have to lend money in order to make their banking business profitable. The relations between bankers and manufacturers to-day, however, are very different from what they were half a century ago. At one time numerous banking accounts in the manufacturing districts of England had drifted into the

condition of being largely represented by fixed property. That is to say, half the cotton mills of Lancashire, the woollen mills of Yorkshire, and the iron foundries of the 'black country' were mortgaged to the banks, some of which were subsequently ruined by the heavy losses they suffered on this class of business.

The joint-stock principle has to a great extent changed this position, and the existing mortgages upon the large works and mills of the country are distributed among the whole investing community in the shape of debentures and debenture bonds. Limited liability companies have thus been able to acquire at a fixed rate of interest capital for use in their businesses, and a large number of them, during periods of trade slackness, are in a position to lend their bankers large sums of money instead of requiring to borrow from them. Partners and principals of private firms are still compelled to have recourse to their bankers in times of great trade activity, unless they have large liquid capital resources at their command. Generally speaking, however, the banker does not dominate the manufacturing and industrial position of the country to the extent that he did half a century ago, when a trader went very much in awe of his banker.

Fifty years ago for a trader to quarrel with his banker might have been disastrous unless he were in an exceptionally strong position; whilst even the mere changing of one's banker was looked at askance. To-day, a change of bankers is often regarded as a sign of strength, and traders do not hesitate if necessary to submit their disputes with their bankers to the arbitrament of the law; indeed, on several occasions damages have been awarded by the Courts against bankers who have acted in a manner calculated to harm a trader's credit.

The stress of modern competition among bankers puts the traders in a position to pick and choose their banks, whilst the banks are even being compelled to take steps to secure business by methods of publicity, etc., which a generation ago would have been regarded as derogatory. Such being the circumstances of banking at the present day, the manufacturer and the trader enjoy facilities for raising money at rates commensurate with the risks incurred by the lenders. Where a merchant finds difficulty in obtaining financial accommodation from his bankers it may safely be assumed that it is due to some special circumstances.

Bankers can undoubtedly exercise a very

beneficial influence on traders in the direction of a legitimate restraint, thereby preventing a good deal of that over-trading and over-production on the part of manufacturers which might ultimately lead to a financial crisis.

On the other hand, plenty of justification may be found for the manufacturers' complaints that the bankers' control of the money market and rates sometimes unduly interferes with trade. The manufacturer who enters on a contract taking six or twelve months to execute is called upon to forecast and to insure against any sudden change in monetary conditions. Whereas the Bank Rate may be stationary at 3 per cent. when he enters upon his contract, it may quite suddenly take an upward movement, and before the contract has concluded may have risen as high as 5 or 6 per cent. For example, in May, 1912, the Bank of England rate was 3 per cent., in August of the same year it was 4 per cent., and in October 5 per cent. In April, 1907, it was 4 per cent., seven months later it was 7 per cent., and four months afterwards had receded to 3 per cent.

As all large commercial undertakings are based upon the cost of money as well as of materials, it is clear that traders have to

exercise a remarkable degree of foresight if they are to determine some months ahead the movements of the Bank Rate. For the Bank of England rate indicates the charge for credit. The Rate charged by the Bank of England establishes the rate charged for money throughout the country, and a sudden fluctuation in the rate may disturb the credit of traders very seriously. Hence the directors of the Bank of England only raise the rate when it is essential in order to protect the British money market from being denuded of gold.

The traders of other countries, such as France, are not similarly affected, because France maintains a big gold reserve, and only rarely changes its rate. London is a free market for gold, and its rates therefore oscillate according to the conditions of the gold supply at various centres of the world. For this, traders in this country often have to suffer, and to suffer very severely. In the years 1901 to 1906 inclusive, no change was made in the rate of the Bank of France, whereas during the same period the rate of the Bank of England was changed twenty-two times, to the confusion of trading operations and of the general business of the country.

A monetary crisis in New York or

St Petersburg may cause the Bank of England rate to go up to 6 or 7 per cent.; the joint-stock banks follow suit and raise their rates accordingly, with the result that the small manufacturer down in, say, Barnsley finds the profit on a competitive contract he has in hand is being largely swallowed up by an increase of over 100 per cent. in his bank's charges for accommodation. The crises which arise in our monetary market are almost invariably induced by economic disturbances outside the country; and it is hoped that the revival, at the time of writing, of the Special Committee of the Clearing House to consider the question of the country's gold reserve may lead to some practical remedy for this being found. What is wanted is that our gold reserve should be so altered as to render the credit of our traders less dependent upon incidents occurring on the other side of the hemisphere.

The movements of the money market do not bear so heavily on the incorporated undertaking as on the individual trader, because the former is, if properly capitalised, possessed of sufficient working capital and reserve capital to meet the usual exigencies of its trade. The possession of large

capital resources is leading to the rapid extension of multiple-shop undertakings, a movement in which the manufacturer and wholesale merchant are directly concerned.

At the recent conference of the United Kingdom Commercial Travellers' Association at Newcastle, considerable discussion took place on this subject. It was urged that the only effective means of curbing the multiple-shop system was the conversion of public opinion and efficient competition by up-to-date and energetic tradesmen.

The opinion was generally expressed by the representatives of the multiple-shop system that public support and appreciation of the system more than justified its existence, and that it was a beneficial system, not only providing cheap and high-class food and other conveniences of life, but giving considerable relief to the labour market by employing many thousands of male and female workers of all ages at remunerative wages. One manager pointed out that co-partnership and bonus systems were recognised and adopted by some of the larger firms, and declared that anything like sweated labour was unknown.

The managing director of one of the largest multiple-shop companies put forward a strong

defence of the system. He pointed out that the best tradesman and the best shop in any district naturally attracted the best custom, and people patronised those places where they obtained the best return for their outlay. The shop that was not up-to-date and not well managed must go to the wall. Although there were so many branches of his company in existence, and several new ones were being added every week, he said it must not be supposed that they all brought profits to the company. Some of them, like some shops of private individuals, did not pay and had to be closed. The measure of support given by the public was the best proof that they were needed.

If we survey the results of a round dozen of the principal multiple-shop undertakings in the United Kingdom, involving a capital of about £7,000,000—I refer to such undertakings as the Maypole Dairy Co., Albert Baker, Home and Colonial Stores, Eastman's, Lipton's, etc.—we shall find the profits vary considerably. The great necessity of the big multiple-shop business is excellent organisation combined with good managers, and the success or failure of these undertakings appears to depend upon the extent to which they acquire

those aids. Neither magnitude of capital nor extension of shops will avail where inferior organisation exists. Organisation plays an even greater part in turning the scale of profit or loss on a multiple-shop undertaking than on a big stores, where the whole of the departments are concentrated under one roof. Hence, it is not surprising that a dozen big London stores controlling a capital of about £12,000,000 are all making handsome profits.

Neither the multiple-shop nor the big stores will altogether crush, although they may seriously injure, the prosperity of the individual trader. Tiny industries, owned by individuals, are found in every trading street of London. They are bred by hope, the confidence of the small man that he can fight his own hand; the Hon. George Peel calls it the confidence of the small man that he can be sergeant instead of private in the army of life.

'And so we trace in London, as in all other of our cities, an infinity of retail shops, of personal businesses, of minnows living in the whirlpool as best they can, of small parties foraging against poverty, of vedettes feeling the way for the Napoleonic hosts of commerce, until we climb to the room of the solitary worker, who has no master but the morrow for

which he has not provided, and no subordinate but the yesterday which he has won from death.' The small businesses form one main division of our industrial structure just as the mammoth stores and joint-stock companies are another. Combines, rings, trade unions, State-control, have no interest for the individual trader, who stands up to the fight single-handed, with the margin between himself and insolvency growing ever more narrow as the prices of the commodities in which he deals tend upwards and make increasing strain upon his slender capital.

The increasing competition among retailers has periodically led to the cutting of rates which has been almost suicidal in many trades, and it is only within recent years that active steps have been taken to establish agreed minimums below which goods of certain qualities are not to be sold. Manufacturers have assisted the retail houses in their deliberations in this respect, and the results which have ensued from the mutual agreements entered upon has already established more satisfactory conditions. The retail drug trade, the tobacco trade, the bookselling trade, the grocery trade, and more latterly the cotton thread trade have effectively

introduced minimum selling prices. The 'cutting' has been highly dangerous to many manufacturers, especially in the drapery trade, because it had become a practice to advertise very widely, at a price below that generally charged, some well-known proprietary article, with a view to securing the visit of new customers to the advertiser's establishment.

The result has been that prices have generally been cut to such an extent that there is insufficient margin to cover even the expense of the retail distributors, and the sale of several proprietary articles has been abandoned by many retailers. It is argued that the manufacturer and consumer are opposed to the policy of price-maintenance because the former suffers from a reduced consumption which accompanies higher prices.

In practice, however, this is not so, since it is to the manufacturer's interest to give the retail distributors a fair margin of profit, in order to maintain and extend a wide distribution of his goods. When Messrs J. & P. Coats were asked by the Drapers' Chamber of Trade to fix a minimum selling price for their threads, that firm took a plebiscite of their 30,000 home-trade customers, a majority of whom declared in favour of minimum selling prices.

In surveying the present condition of British commerce, omission should not be made of the widespread progress made in the more scientific method of keeping accounts in our great industries. The counting-house of a large factory or workshop is a vastly different place from that which our grandfathers used a century ago. I am not sure that the counting-house of even the present middle-aged employer is quite the same place as that which he entered as a junior, so quick has been the adaptation of the British manufacturer to the new principles of account-keeping.

A system of costing is regarded as essential in every well-managed workshop, and trades which have not yet arrived at a satisfactory method are adapting existing systems until they arrive at a thoroughly practical method of assessing the cost of production of every article manufactured. Only by methods of this kind can a manufacturer gauge the margin of profit or loss upon which he is turning out goods in comparison with his competitors.

It must be borne in mind that cost of production represents the expenditure on the work up to its delivery to the warehouse, and not necessarily the cost of the sales department and the incidental expenses attending delivery

to a customer. The cost of production of, say, soap is probably less than the cost of marketing it; but the cost of production of machinery is necessarily greater than the cost of its sale to a customer who is waiting for it. Shop costing must therefore differ in every industry, especially where there is difficulty in analysing general establishment charges. The more complicated the machinery of an industry, the more detailed must be the method of costing.

The reader who wishes to study the problems attending costing systems will find the series of articles which Mr A. H. Church has contributed on 'Expense Burden' to the *Engineering Magazine* (and since reproduced in book form) full of useful material. The final note upon which Mr Church dwells seems a little pessimistic regarding the attitude of manufacturers towards the new methods of shop costing; but Mr Church must not overlook the naturally conservative character of the Britisher, who does not rush into revolutionary changes without grave consideration, especially when those changes emanate from the United States, that land of hustling business men, who sometimes do not stop to consider the different conditions ruling in their own country and in the United Kingdom.

The British manufacturer has created quite revolutionary changes in his counting-house, and has, at least, recognised that the inter-dependent sections of a modern factory cannot be represented by a double-entry ledger and an office boy. The spread of the revolution to take in the details of the machine-shops will follow.

CHAPTER VIII

INCREASING COSTS OF PRODUCTION

Increased Expenditure Analysed—'Trust' methods—The Retailer-cum-Manufacturer—Tendency towards Specialisation—Increasing use of Machinery.

EVERY year the British manufacturer is met with a big increase in the cost of production. This is traceable to (1) increased wages, (2) shorter working hours, (3) higher prices of raw materials, (4) new taxation. Increased wages have been very marked in every group of trades with the exception of mining and pig-iron manufacture. The official figures for 1911—the latest available—show in that year an increase of £25,927 per week in the wages of 825,204 work-people.

This works out at about eightpence per employee per week, and, although the individual increase appears very small, in the aggregate it becomes a very substantial burden. A manufacturer who employs only five or six hundred men, called upon to pay only eightpence per week extra to his employees, thereby finds his expenses augmented by £1000 per annum, which represents 5 per cent.

interest on £20,000 of capital engaged in the business. The burden has been made additionally heavy in some trades by a reduction of the hours of labour, with the net result that whilst the cost of production has increased the output has diminished. The higher prices of raw materials have affected many industries, sending up the cost of production from five to ten per cent. and over. By the Employers' Liability Act, and more recently by the Insurance Act, the amount payable in domestic taxation has advanced. The increased expenses during the past few years may be apportioned as follows :—

Increase in wages	Between	3½%	and	5%
Decrease in production	„	2½%	„	5%
Rise in raw materials	„	7%	„	10%
Increased taxation				2%
Total		13%	to	22%

The increase does not stop there. The cost of building a house to-day is about fifteen per cent. more than last year. The cost of all cast-iron goods has further increased by twenty per cent. The cost of printing, which went up five per cent. not long since, is at the time of writing the subject of a conference of the master printers. Taking the

percentage of increase at its lowest, namely, fifteen per cent., it may easily be seen how heavily the burden presses on the small trader, who is already sufficiently harassed in his efforts to cope with keen competition. Perhaps the best indication of the effect of the increased cost of production may be gathered from the following figures, representing a successful manufacturer's financial year :—

Manufacturer's capital	£50,000
Total turnover	£200,000
Gross expenses	160,000
Gross profit	£40,000
Administrative and other expenses ..	15,000
Net profit	£25,000

Yield on Capital equal to 50%

If, as has been shown actually to have happened during the past year, the cost of production, that is, working expenses, be increased by 15 per cent., the gross expenditure will advance from £160,000 to £184,000 and consequently the gross profit will be reduced to £16,000. After meeting administrative and other charges, the net profit thereafter is about £1000, or 2 per cent. as against 50 per cent.

Thus :—

Manufacturer's capital	..	..	£50,000
Total turnover	..		£200,000
Gross expenses	..	£160,000	
Add 15% increase	..	24,000	
			184,000
Gross profit			£16,000
Administrative and other expenses		..	15,000
Net profit	..	..	£1,000

Yield on Capital equal to 2%

It is imperative, therefore, that the manufacturer who finds the cost of production increased by 15 per cent. should advance prices to the consumer so as to afford a larger margin of profit. In some industries this advance has not been possible because of keen competition, and the manufacturer has thus been faced with the alternative of reducing administrative expenses to the lowest possible point or carrying on his business at a loss.

Thousands of traders have been carrying on successful businesses with a smaller margin of profit than that I have cited. We know this by an examination of the accounts of industrial joint-stock companies, which have been more heavily hit than the private trader,

because the administrative expenditure of joint-stock companies — directors, departmental managers, secretaries, offices, etc.—is much heavier than in the private firm personally managed by two or three partners, and does not lend itself so readily to reduction.

Evidence is already forthcoming in the returns of insolvency that increasing expenditure is driving traders into bankruptcy. In 1911 there were 7549 cases of insolvency, with total liabilities of £9,357,000, against 3880 cases in 1910, 4764 in 1905, 4410 in 1900, and 4415 in 1895. Whilst the majority of bankruptcies are still due, directly or indirectly, to speculation, a perusal of the returns show that the number of bona fide traders failing through increased expenses and competitive trade is on the increase.

In some trades an advance in selling prices has relieved the situation, but only to a limited extent, because, whilst wages have risen, they have not done so in the same proportion as have costs of production. Where prices have been raised against the consumer, a distinct reduction in consumption has been noticeable. In some industries, notably many related to the textile trade, prices have tended downwards rather

material used in its industry so as to prevent outside competitors obtaining supplies except at exorbitant prices.

There are in the United States vast confederacies (so President Wilson has described them) of banks, railways, express companies, insurance companies, manufacturing corporations, mining corporations, power and development companies, and all the rest of the circle, bound together by the fact that the ownership of their stock and the members of their boards of directors are controlled and determined by comparatively small and closely inter-related groups of persons who, by their informal confederacy, may control, if they please and when they will, both credit and enterprise.

Fortunately for Great Britain, this state of things does not yet exist here; but the big 'combine' can bring so much pressure to bear upon a competitive undertaking that there is little to choose between the 'combine' and the 'trust.' The lady who gives up one firm's make of cotton thread and takes to that of another firm does not alter the ultimate destination of the profits of her purchase; and the man who discards one brand of tobacco for another firm's 'special mixture' is still

buying of the same 'combine' which controls the industry. Fortunately, in these specific cases, both combines are in the hands of men of high business integrity who have been driven to amalgamation owing to the competitive system. The public, in fact, are probably the gainers by the reduction in costs of production which has resulted from the combination. The growth of the 'combine' has recently extended to other retail industries, and there are indications that it is still further enlarging its scope. A few of the fields in which the individual trader is giving way before the competition of the multiple-shop owners are as follows :—

Refreshment Shops.	Dairymen.	Outfitters.
Bootmakers	Grocers	Tobacconists.
Chemists.	Drapers	Butter Merchants.

Originally the individual retail trader was able to hold his own against the more wealthy trader who owned several establishments, but the introduction of the joint-stock system with its amalgamated shops inflicted considerable injury upon him, and now that the multiple-shop companies are beginning to manufacture their own goods and supply direct to the public, it looks as though the small trader is about to receive his *coup de grâce*. Herein lies the

danger of the 'combine' system. Beneficial as it may be to the public by bringing them into direct touch with the manufacturer, it opens up new methods of commerce which have yet to pass the test of experience.

Hitherto the developments in this direction have been mainly in regard to the necessities of the buying public. Retail tea merchants have purchased tea estates in Ceylon and the Far East and have grown, gathered, and imported their own teas; butter merchants have acquired large farms in various parts of the country; bootsellers have established their own factories, employing thousands of men; even newspapers have acquired large areas of timber lands for supplying the timber to make their own paper.

It would seem that as the system develops, it must resolve itself either into the manufacturer becoming also a retailer, or the retailer becoming also a manufacturer. Some retailers have solved the difficulty by acquiring a 'controlling' interest in a manufacturing house, and vice versa. In any event, the development of the retailer-cum-manufacturer appears to me to be a significant portent of the future methods of trading in the larger towns.

A tendency towards specialisation in industries became observable almost immediately after the introduction of the railways. The millowner had been accustomed to spin, weave, and dye his cloth within one building because of the heavy cost of carriage by road. The cheapness and speed of carriage by the railway led to the separate establishment of mills and factories by spinners, weavers, and dyers. The spinner found that he could send to the weavers and to the dyers and get his cloth woven and dyed more cheaply than he could himself carry the work through. Consequently the weaving industry and the dyeing industry became specialised and distinct industries.

The effect of cheaper transport was the same upon other industries, which tended to split up into specialised sections, each having their own trade conditions and characteristics. This tendency was still further accentuated by the introduction of the Joint Stock Companies Act. Individual persons engaged in trade had not cared to risk the dangers which might attend specialisation in any one branch of their own industry, but the joint-stock system enabled a group of persons to incur a defined and limited risk and to acquire the capital for the development of some

special part of their trade, the success of which was problematical. The greatest impetus to specialisation in modern times has been the stress of competition. If the reader will inquire into any trade or industry that he can call to mind he will be able to trace how, during the past two or three decades, that trade or industry has been broken up into three or four or even more different branches.

The printing and publishing trades occur first to my mind while writing these lines. A generation or two ago there were a dozen or more well-known publishing houses who published any literary wares that were likely to reflect credit upon their houses and bring profit to the counting-house; the publishers who specialised were comparatively few. To-day there are publishers in every branch of literature — scientific, medical, antiquarian, commercial, legal, sporting, social, political, ethical, theological, and so on.

Again, the printer has ceased to be a printer pure and simple. He may be a copper-plate printer, engraver, lithographer, music printer, bankers' cheque printer, newspaper printer, book printer, photographic printer, postage stamp printer, magazine printer, almanac printer, railway ticket printer, colour printer,

bank note printer; for every one of these is now a distinct and specialised branch of the printing trade, and it is only the largest firms who find it profitable to have branches for each class of work. The same specialisation now obtains in every trade, and is extending even to the further partition of existing sub-divisions of trade.

The trend towards specialisation is not confined to trade. It exists in the professions. We select our lawyers according to their experience in equity, criminal, chancery, or other branches of the law; the family lawyer as such has almost ceased to exist. The accountant is known as a bankers' accountant, a stock exchange accountant, or a soft goods trade accountant. Even the writer, the artist, and the sculptor all find the need for specialisation. The result of this process is a greater concentration on detail, and an increased efficiency in certain departments of industrial life; with, on the other hand, a decrease in that spirit of independence and individuality which marked the work of the old craftsman and the master-man whose workshops were capable of handling every part of his trade.

The tendency towards specialisation is in many trades leading to the production of a

limited quantity of the finest goods in preference to an unlimited production of cheaply-made goods. In the iron and steel industry during modern times our manufacturers have applied themselves to the making of the finest and most elaborate goods in preference to the export of the more crude kinds of iron and steel. The result has been a proportionately lower use of the raw material, but a much higher proportion of labour in the goods. Goods worth from £10 to £20 per ton have replaced those of £5 per ton.

According to some statistics given in *The Statist*, a similar development has taken place in the cotton industry. During the quarter-century just past our shipments of the lowest grade of cotton piece-goods—unbleached fabrics—have fallen by 183 million yards, while shipments of all the higher-grade goods have risen by 1340 million yards. It is possible that the same tendency would, on detailed examination, be found in other industries. We are, as a nation, applying ourselves more and more to the production and shipment of highly-specialised goods and of goods of relatively high value, to the comparative neglect of goods of the lowest grade.

The application of special machinery to particular classes of work naturally goes hand in hand with the specialisation in industries. When trade shows signs of falling off there will doubtless be a great acceleration in the rate at which machinery is adapted to industries now largely carried on by hand labour. Slackness of orders will lead to increased invention and the construction of machinery adaptable to the needs of different kinds of hand industry. The popular fallacy that the use of machinery displaces labour and reduces wages is not well founded. When machinery is first introduced into a trade the labour may be reduced, but the increased efficiency leads to a greater volume of work, and hence to more employment.

Moreover, the labour engaged on machines is more highly remunerated than is hand labour. This is not mere conjecture, but is established by the facts brought out in the Census of Production. Mr Flux, before the Royal Statistical Society, submitted figures which clearly showed that where most machinery is employed the greatest output per head of labour is obtained, and where least machinery is in use, you may find the greatest amount of female labour, which is

the lowest paid. The following are Mr Flux's figures :—

Average net Output per Head	Males per cent of all Employed	Females per cent. of all Employed	Horse-power of Engines at Factories per 100 employed in all Establishments
Under £50	31 9	68 1	21
£50 and under £75 ..	40 0	60 0	50
75 „ 100 ..	72 4	27 6	97
100 „ 125 ..	90 2	9 8	100
125 „ 150 .	98 0	2 0	266
150 „ 175 ..	64 0	36 0	81
175 „ 200 ..	92 0	8 0	215
200 and over ..	98 6	1 4	793

The figures are based upon industries employing five and a half million persons. Further, the established fact that workshops employing machinery obtain an annual output per head of £100 against a net output of £50 where machinery is not employed leads inevitably to the conclusion that manufacturers and traders will come more and more to use machinery. That part of labour which is now in receipt of low wages should stand to benefit, because with the increased efficiency of a workshop there should come increased wealth to enable the manufacturer to pay higher wages. Especially is this benefit likely to accrue in those industries which use women and child labour in preference to machinery.

CHAPTER IX

DISTURBANCE OF TRADE BY INDUSTRIAL STRIFE

The 'Strike Problem'—Establishment of Industrial Council—Is Co-partnership or Profit-sharing a Solution?

MANY futile attempts, official and unofficial, have been made to deal with the 'strike problem.' Unofficially, manufacturers in various trades have themselves been successful in finding a common ground upon which employer and employed may meet in the event of disputes. Officially, we have the establishment of the Conciliation Board, and, later, the Industrial Council, the outcome of the irrepressible energy of Sir Charles Macara.

It is questionable, however, whether we have arrived at a satisfactory solution of the problem. If both masters and men, or either of them, refuse to accept the terms of settlement laid down by Boards, Councils, or Government Departments, are we to resort to compulsion? Are we, indeed, able to force a body of a million men, for instance, to do something against their own inclination?

It is obvious that even greater disaster might lie ahead of any attempt at compulsion. Yet if trade agreements are to be set aside at the whim of any body of men, headed by an erratic leader, there can clearly be little use for Councils or Boards to spend time in deliberations leading to settlements which they have no power, or which it is considered impolitic, to enforce. I have discussed this question with Sir Charles Macara, with Sir Edward Fithian, who have both had many years of experience in connection with commercial problems, and with many other public men who are keenly interested in finding a solution of the problem.

I find that a general feeling prevails that we do not, as a nation, fully realise the vital importance of remedying the industrial unrest which exists at the present time. British commerce may emerge unscathed from one or even two periods of national chaos and disorganisation such as that witnessed in 1911-2. The third or the fourth time, however, we may not even 'muddle through.'

The question concerns the public as much as the manufacturer and the employee, and no remedy will be effective that does not admit the public to a voice in the settlement of the

strike problem, so far as it affects their well-being. Legislation should, therefore, commence most properly with those industries which directly affect the welfare of the community, that is, all public utilities. It should not destroy the right of employers or employed to terminate contracts, nor should it interfere with the organisation of employers' associations or trade unions, but it should establish legally a right on the part of the community to intervene in a trade dispute by enacting that a stoppage, either by strike or lock-out, shall not take place until the community, through a Government Department, has investigated the difference with the object of ascertaining if a recommendation cannot be made acceptable to both parties.

In Canada such legislation is believed to work satisfactorily, as out of 132 disputes between March, 1907, and September, 1912, referred for adjustment under the Canadian Act, 20 were settled while negotiating for investigation; 107 were reported upon by the Boards; 5 were before Boards at the time the return was made; and only 15 strikes occurred out of the 132 cases. Sir George Askwith is strongly in favour of legislation on the Canadian lines, and it is not unlikely that this plan may

ultimately be tried in this country. Whether certain penalties should be included will probably prove a bone of contention. Under the Canadian Act, any employer declaring or causing a lock-out contrary to the provisions of the Act becomes liable to a fine of not less than $100 nor more than $1000 for each day or part of a day that such lock-out exists, while any employee who goes on strike contrary to the Act becomes liable to a fine of not less than $10 nor more than $50 for each day or part of a day that he is on strike. Any person who incites, encourages, or aids in any manner a lock-out or strike contrary to the provisions of the Act shall be guilty of an offence and liable to a fine of not less than $50 nor more than $1000.

The ranks of both employers and employed are likely to be sharply divided on the question of penalties, but as legislation is of little value unless thoroughly effective, it is possible that some common agreement may be arrived at in the case of such industries as coal mines, railways, shipping, etc., wherein the welfare of the public is largely involved.

The Industrial Council, on which both employer and employed are represented, was established primarily with a view to the

stoppage of strikes. Supporters of the scheme allege that the Government have not called the Council into consultation early enough when strikes have been imminent, while the sceptics declare that the Council affords no effective remedy for the settlement of labour disputes. It seems, however, a reasonable assumption that the existence of a Council made up of the representatives of both labour and capital under the presidency of an impartial official nominated by the Government could be beneficial in many ways apart from the settlement of industrial disputes.

The leaders and delegates of labour meet in conference each year, as do the leading employers of the country through the Chambers of Commerce of which they are members. It is possible, therefore, that the Industrial Council may yet be the nucleus of a dual conference, a great Industrial Court which should debate the points at issue between men and masters long before such matters become grievances and are alleged as the reason for unrest among the workers. The recommendations of such a Court should carry very great weight with the Government of the country, and probably give birth to remedial legislation of a far more practical character than

is brought into being day under the ægis of lawyers and professional men who have had no practical experience of industrial conditions.

Were the matter of less grave import, we could regard it, indeed, as a laughable anomaly that the commercial affairs of the greatest commercial nation of the world should be regulated by professional men with only a theoretical experience of industrial life, and that its Government Departments concerned in administering commercial laws and directing British trade should be staffed by men who have come straight from the Universities to an administrative office. The workman may justly be sceptical of the advice emanating from such departments, and we know that the employer has more than once in recent years resented their interference.

With one prominent exception, there are in every department of the Government of the country men of wide practical experience in the work they direct. The War Office is controlled by military experts; the Admiralty is served by Sea Lords of naval reputation; the Foreign Office is staffed by men trained in the British Embassies; and the Colonial Office is full of men who have had practical experience of governing in the Colonies themselves.

The Board of Trade, which is the responsible administrator of the vast trade of a mighty trading nation, is directed by men of first-class classical and mathematical attainments, but whose experience of the practical side of industrial life is practically *nil*, apart from a few men who have been promoted from the ranks of the labour leaders because of their intimate knowledge of the social and economic conditions of workers.

The administrative clerks who are the go-betweens of the Board of Trade chiefs and the employers of the country know less about the conditions and details of industrial life than an intelligent trade apprentice of a few years' experience; yet it is often on the basis of their clerical reports that the departmental chiefs make recommendations to whatever Government may be in power. Small wonder is it, then, that the legislation based on data drawn from so inadequate a source is theoretical and ill-advised, as we have already described it. Happily, there are many indications to show that this state of affairs is at last coming to be recognised as an avoidable hindrance to the satisfactory treatment of our industrial troubles.

Whatever may be one's political views

of the industrial unrest and its effect upon the country, every one is agreed that a satisfactory solution would be welcomed by all manufacturers and employers, as well as by the great army of skilled and unskilled labour which depends for its livelihood upon the maintenance of the country's commerce.

In the spring of 1913, I had occasion, in connection with an investigation I was then pursuing, to communicate with the managers of about three hundred joint-stock industrial companies in the United Kingdom. I desired to find out to what extent the principle of co-partnership or profit-sharing with employees had been adopted by industrial limited liability companies as distinct from private firms, and whether its adoption had helped in developing their trade, in encouraging the workpeople to produce a greater output, and in inculcating thrift among the employees.

The Board of Trade has defined profit-sharing as an arrangement involving 'an agreement between an employer and his workpeople under which the latter receive, in addition to their wages, a share, fixed beforehand, in the profits of the undertaking.' Co-partnership is described by the same authority as 'an extension of profit-sharing, enabling the

worker to accumulate his share of profit in the capital of the business employing him, thus gaining the rights and responsibilities of a shareholder.'

These definitions are too inelastic to be accepted as final, but we find that in 1911 there were 133 profit-sharing schemes, including within their scope 106,000 workpeople. Since 1829, when what is generally regarded as the first profit-sharing project was introduced on Lord Wallscourt's farm, no fewer than 299 schemes have been in operation, out of which 166 projects have gone under.

Such a record does not appear to offer any great encouragement to the view that profit-sharing is capable of general application to British industry, but it is stated that the comparative failure which the figures indicate is not (as the official writer puts it) 'traceable to any inherent fault in the scheme as such, but to the falling off of business, and to the fact that there were no profits to share.' It is therefore obvious that the success of a profit-sharing scheme depends upon its adaptability to the ordinary fluctuations of trade, so that when trade is profitable the workman benefits, and when it is unprofitable the workman does not benefit

above the fixed minimum wage which is necessary for him to live upon. My reason for communicating with joint-stock companies was that as the actual profits or losses were publicly disclosed in their accounts, a much sounder idea of the value of profit-sharing schemes could be obtained from their replies than by an indiscriminate inquiry among private firms. The results of the investigation are described in detail in an article in *The Financial Review of Reviews* of June, 1913.

The impression left upon me after a perusal of all the replies was that an employer can readily adapt a profit-sharing scheme to the requirements of his business wherever he keenly desires to do so, and after a few years of working can remedy any defects without serious disturbance of his organisation; that where schemes have been introduced they have tended to alleviate unrest among workpeople; but that increased expenditure, rather than saving, has resulted among the participants in the profit-sharing schemes.

Unfortunately, co-partnership and profit-sharing schemes have become associated in the minds of most employers with ideas of Communism and Socialism, and the manufacturer is not disposed to allow what he

regards as the 'thin end of the Socialistic wedge' to enter the smallest crevice in the organisation of his factory. It must be left to time and experience to show that co-partnership between employer and employee may be based upon a perfectly sound economic foundation, and may afford very far-reaching benefits to the employer in many ways, not the least of them being a freedom from the strike fever and perpetually recurring trouble with workpeople.

CHAPTER X

AN IDEAL MINISTRY OF COMMERCE

Cost of carrying on the Nation's Business—Amount allocated to Trade—Practical Legislation as opposed to Theoretical Legislation—Failure of Board of Trade to meet Nation's Requirements—Need for a Ministry of Commerce—The necessity of protecting our Manufacturers' Interests.

A MORE gigantic task than that of carrying on the business of the British nation does not exist. Comparatively few readers can be brought to study figures, but a few references to round sums are essential to exemplify the enormous rate at which the cost of running this country is expanding. Fifty years ago the expenditure was sixty-six million pounds sterling (£66,000,000); this year it is over one hundred and eighty-six million pounds (£186,000,000); and it is increasing twice as fast as it did half a century ago.

The business man, the manufacturer, and the trader may well ask, what proportion of this huge expenditure is being applied to the development of their particular interests in the nation's business? A short analysis of the country's expenditure is necessary

before that question can be answered. The great spending forces of the country are the Navy, the Army, and the Civil Service. It is to the last-mentioned that we must look for any amounts expended on the development of the country's trade. The Civil Service Estimates may be divided as follows :—

ANNUAL EXPENDITURE.

Public Works and Buildings .	£3,638,000
Salaries and Expenses of Civil Departments	4,178,394
Law and Justice	4,621,535
Education, Science, and Art ..	19,680,454
Foreign and Colonial Services .	1,639,768
Non-effective and Charitable Services	13,011,001
Miscellaneous	245,160
Insurance and Labour Exchanges	2,844,962
Revenue Departments (*i. e.* Customs and Excise, Inland Revenue, and Post Office) ..	28,062,680
Total	£77,921,954

Now, the only amounts in the foregoing expenditure that may directly be associated with home trade are contained in 'Salaries and Expenses of Civil Departments' and 'Insurance and Labour Exchanges.' Of the amount of £4,178,394 under the former head, the sum of £471,650 represents the Board of Trade and subordinate departments, and £462,000 represents the Boards of Agriculture of England

and Scotland, the balance comprising the salaries and expenses of the Treasury, Home Office, Foreign Office, Stationery Office, Local Government Board, etc. The amount of £2,844,962 allocated to 'Insurance and Labour Exchanges' is mainly on account of the new Insurance Act, and can hardly be regarded as an expenditure created for the direct benefit of the trader as distinct from the general community. The other amounts in our list represent £19,000,000, 'Education, Science, and Art,' with which we shall deal in a subsequent chapter in so far as its relation to the manufacturer is concerned; £13,000,000, non-effective and charitable services, that is hospitals, charities, superannuation allowances, etc.; £4,600,000, law and justice; and £1,600,000, which represents the expenses of foreign and colonial services.

Out of the grand total of £78,000,000, we have, therefore, a very small proportion directly earmarked for the upkeep of a department concerned in the development and promotion of British trade. If we allocate a share of the expense of public works and buildings, the amount still stands in appallingly significant contrast with the grand total of seventy-eight million pounds sterling which is annually

expended on the other departments of State.

The Board of Trade is, or rather should be, the strongest department of a great trading nation. On it should be lavished all the care and attention of a business-like Government desiring to make permanent the trading prosperity of the country. Through the medium of the Board of Trade, the Government controls and directs the trade blood of the country. The Home Office controls the workshops and conditions of life therein, but with the Board of Trade lies the duty of properly developing trade, encouraging manufactures and industries, directing the commercial energies of the country into sound, profitable channels, and creating a never-failing link between trade openings abroad and manufacturers at home.

The necessity of assisting British manufacturers to obtain more frequent information regarding openings for trade in other countries first impressed itself on the Board of Trade as long ago as 1899, but it is questionable whether during the fourteen years which have since elapsed the progress in that direction has been proportionate to the expense involved. The Board of Trade established a Commercial Intelligence Branch as

a result of recommendations made by a Departmental Committee appointed in 1897. This Branch reported that the written inquiries made to it in 1910 numbered 9010 and personal inquiries 5829, *i.e.* a total of 14,839. Thus the post of this Branch, after ten years' organisation, consisted of less than thirty letters per diem! In 1912 they numbered 10,316, or an increase of three or four per day as a result of two more years of organisation.

In 1910 an Advisory Committee was appointed to advise the Board of Trade (1) on the work of their Commercial Intelligence Branch and on such matters relating to foreign tariffs and other commercial questions as the Board may refer to them; and (2) as to commercial missions abroad or other means of obtaining and diffusing information for the benefit of British trade. There were 27 members of this Committee, of which number more than half had never had any practical experience of manufacturing or practical commercial life either here, in the Colonies, or in foreign countries, and there were not more than half a dozen who could lay claim to a prominent place in the ranks of British manufacturers. However, the Advisory Committee proceeded with its

investigations and with giving advice to the Commercial Intelligence Branch of the Board of Trade, and in March, 1913, presented its report. In connection with the work of the Branch, the Committee has directed special attention to two points: (*a*) the special register; (*b*) utilisation by Chambers of Commerce of information supplied to them by the Branch.

A special register was introduced in 1907, in which are recorded for a fee of one guinea per annum the names of British firms desirous of obtaining confidential information as to openings abroad concerning specific branches of trade. It appears that the number upon the register on December 31st, 1912, was 1516! A moderate calculation would probably show that the total number of manufacturers and traders of the United Kingdom concerned directly or indirectly in sending goods abroad in large or small quantities is about 50,000.

Three per cent. only have thought the information which the Commercial Intelligence Branch could afford them worth a guinea. The fee cannot be the stumblingblock, for I have yet to meet the business man who would not willingly pay many guineas to open up channels of new business. The blame is, of course, placed upon the manufacturer.

'We regret,' says the Committee, 'that a larger number of firms have not availed themselves of the facilities offered.' The manufacturer's obvious retort is, 'We regret that we do not think your service is worth a guinea per annum.' With respect to the utilisation of material by Chambers of Commerce, the expressions of opinion from the various Chambers of Commerce constitute a most damning indictment of our present system of distributing information.

London does not think the notifications of the Board's Intelligence Branch are of sufficient importance to include them in its *Journal* 'or to specially inform members thereof'; Birmingham is of opinion that the practice of the Board of Trade cannot be satisfactory until the Chambers of Commerce of the country are made official distributors of information; Edinburgh, Newcastle, North Staffordshire, South of Scotland, etc., state that much of the information is of no interest to traders in their districts; Leeds thinks it a waste of time and money on information which never reaches the proper quarters; and so on. There is displayed a sad lack of organising ability, though organisation in this respect is an urgent need.

The present lack of cohesion between the departments concerned in the administration of the country's commerce is aptly shown in a letter published in the newspapers on May 13th, 1913. This letter was received by the Council of the Association of Chambers of Commerce from the Foreign Office, and in it Sir Edward Grey recommends to the favourable consideration of the Association proposals which have for their object a closer co-operation between His Majesty's Commercial Attachés and the Chambers of Commerce.

Sir Edward Grey is of opinion that better results could be obtained if His Majesty's Commercial Attachés were to receive some guidance from British manufacturers and merchants interested in foreign markets. It has occurred to Sir Edward Grey that there would be some advantage if, first, a standard classification of the trades and industries of this country could be made and uniformly adhered to in official reports; and secondly, if sets of leading questions could be drawn up by experts with reference to all the principal industries in this country, especially those affected by foreign competition. This classification should be kept within strictly defined limits, and should not be allowed to extend

to matters of detail. The object in view would probably be best attained if a certain number of the more important branches of trade and industry were grouped together under a few broad headings, somewhat in the following manner :—

TEXTILES.—Cotton, yarns, sewing cottons, tissues, woollens, yarns, worsted, shoddy, linen.

IRON AND STEEL.—Pig-iron, steel.

MACHINERY.—Electrical motors, dynamos, Mining, Agricultural, factory, milling, pumping, etc.

Regarding the sets of questions the Foreign Office communication continues :—

'I am to enclose a copy of a set drawn up by Mr Hooper, of the Commercial Intelligence Branch of the Board of Trade, on the woollen and worsted trades, which may serve as a model. If similar sets could be obtained for other leading industries they would prove of the greatest assistance to His Majesty's Commercial Attachés and Consular officers abroad in drawing up their reports and in conducting their investigations on points of interest to the home producers.'

The Associated Chambers were asked if they would be prepared to advise the Foreign

Office on the classification and compilation of such sets of questions, and the Council of the Association decided to agree to the requests contained in the Foreign Office communication and to appoint special committees of the Council to deal with each request as received.

Here, then, is a typical example of our lack of organisation. The Board of Trade appoints a sub-department, the Commercial Intelligence Branch; the Commercial Intelligence Branch draws up a set of questions at the request of the Foreign Office; the Foreign Office communicates it to its Commercial Attachés; and the Association of Chambers of Commerce appoints special sub-committees to deal with each at the request of the Foreign Office. A cynic has said that the way to advancement in the Government service is to invent a new kind of form. In this case it appears to take the machinery of the Board of Trade, the Foreign Office, the Association of Chambers of Commerce, and the Commercial Intelligence Branch of the Board of Trade to draw up a form to enable our Commercial Attachés to do their work. The experience of most business men is that a representative who does not

possess sufficient initiative to investigate and report upon the opportunities for business in a given area without requiring to be assisted by a written list of questions is generally a representative not worth employing.

Such trade matters as those with which the Foreign Office is here concerning itself should properly be dealt with by a Ministry of Commerce. The duties imposed upon our Board of Trade are already too multifarious. They comprise the collection of trade statistics, in itself the work of a whole department in most countries; the issue of patents; maintaining the standards of weights and measures; the non-legal machinery of bankruptcy; the registration of joint-stock companies; supervision of railways, tramways, water and gas undertakings, electric lighting, harbours, lighthouses, and merchant shipping.

It is not surprising that a department which undertakes to do so much, does in reality achieve so little, and that its disastrous policy of *laisser-faire* in some directions does not more often characterise its attitude in other matters. Cabinet Ministers and members of Parliament have only to make impartial and independent inquiries to discover what relations exist

between the Board of Trade and the manufacturing and trading community.

The Board of Trade has not the confidence of the manufacturer: the fact is patent to any impartial inquirer. Properly, the relations between a National Trading Department and the trader should be similar to those which exist between, say, the Incorporated Law Society and the legal profession. The trader should regard the department as being there to look after his interests, not to harass him in his business; to help him build up the nation's trade, not to hinder its development; to assist him when other help fails, not to bind him in red tape.

In actual practice he does not regard the Board of Trade in the former light, but often sees in that department his natural enemy. No confidence can, under such circumstances, exist between the two parties; and consequently, so long as the present position remains unchanged, the one can render the other but little of that effective assistance which should be its sole *raison d'être*.

The lines upon which I suggest that the reforms urgently needed in this respect should proceed may be briefly indicated here. The Board of Trade should be relieved of all duties

which concern the development of trade, the fostering of commerce, or the protection of British traders' interests. These are matters requiring quite different treatment from that for which the official mind has been trained. The collection of trade returns and statistics might be left to it, and its name be changed to the State Statistical Department, to which might be transferred the statistical work of all departments.

The control of the railway, shipping and general trade of the country must in time become separate departments of State, as must all those matters which concern the labour of the country. A strong Ministry of Commerce in the United Kingdom would be of incalculable value to the British manufacturer and trader in establishing a central organisation where what the Americans would term, with more clarity than elegance, 'live' assistance might be given to traders on 'live' business lines.

This Ministry should be formed to represent the views of the trading community and the trading community only; it should act as counsel for the manufacturer on every question concerning commerce, and its voice should carry the utmost weight in the counsels of

the nation. We should then have no repetition of such unfortunate incidents as when on committees appointed to consider matters vitally concerning commercial life only a minority of the members actually represents commercial interests. The position of the Ministry of Commerce would be equivalent to the position of the managing directors of a big business, manufacturing a variety of goods at numerous workshops, and served by scores of capable managers acquainted with all the technicalities of their various businesses.

Every means of pushing British manufactures abroad would be studied; every outlet for British goods would be made known to manufacturers; every grievance would be investigated and steps taken to obtain a remedy; every piece of official despotism towards traders—whether under the Insurance Act, Factory Acts, Employers' Liability Act, Shop Hours Act—would evoke an active though (to those culpable) possibly unwelcome interest on the part of the Ministry of Commerce.

A weak Government might fear the creation of such a department lest it brought into being a body too powerful to control; but a really strong Government would be too

glad to welcome a department, representing the interests of the great manufacturers as well as the small traders, to fear lest its power might be used for aught save the welfare of the country's commerce.

The duties of the ideal Ministry of Commerce should be quite distinct from those inspecting duties which the Board of Trade and the Home Office now perform, and which constantly bring these Departments into conflict with employers. The personnel of the Department of Commerce should be quite distinct from that of the present Department of the Board of Trade, which is mainly built up on the same lines as other departments of the Civil Service without regard to the qualifications or experience necessary to fill the posts available. There can be no valid excuse for the present practice of appointing clerical officials who have had no practical experience of trade, and are quite incompetent to deal with vital matters affecting commerce.

There is every excuse for the irritation displayed by any great captain of industry, controlling tens of thousands of industrial workers and enormous works, when a few principal clerks at the Board of Trade, entirely ignorant of business life, are

empowered indirectly to determine matters concerning the industry upon which he has expended a life-time's thought and study. The personnel of the Department should consist of men who have been trained, subsequent to their public school or university career, in practical experience of business life.

The present method is common to most departments. The public school boy, having matriculated, enters for, and passes one of the Civil Service examinations. He is appointed, perhaps, to the Inland Revenue Department or to the Board of Trade central office. After some years of junior clerical work he is promoted from stage to stage, the promotion being given, not according to the ability or zeal displayed but according to seniority. If the hand of Providence moves rapidly among the seniors in his department, and they are called away either by death, accident, superannuation, or appointment to other offices created by new legislation, the junior clerk may expect to be very rapidly promoted, until, in course of a few years, he becomes a principal clerk.

Principal clerks at the Board of Trade are the chief executive officers under the Assistant Secretaries. Apart from the essence

of the matters under their care, the scope of their responsibility may be likened to that of managing clerks in a solicitor's office. They are daily called upon to investigate questions affecting trade and commerce in preparation for the senior officials. Is it, therefore, a matter for surprise that such matters are not dealt with from the broad standpoint of the business man, but from the narrow, restricted view of a man who has spent the best years of his life 'cribbed, cabin'd, and confined' within the limits of office routine and office procedure?

It is the practice of most writers, when referring to our permanent officials, to express a general admiration for the race as a whole. I have never been able to discover the reason for this sop to their vanity, except that it invariably precedes or follows a damaging criticism of the methods and the work of permanent officialdom. The idea that the permanent official is *sans peur et sans reproche* is a fetish; individually he may be, and more often than not is, quite a good citizen, an excellent companion, and a rattling good sportsman; but collectively he is the product of a system which has proved inherently bad, and which scales the heights of folly and impotence when

called upon to deal with matters concerning British commerce.

The Department of Commerce should be a department where every member has been drilled in commercial life. The aspirant for appointment to this department should not be judged solely on the examination basis of the Civil Service, but also on his knowledge of one or more trades. Promotion in a department of this kind would result from knowledge and ability as it does in the factory and the workshop, and not solely from seniority of service. The controlling head of the Ministry would not be a member of Parliament holding the office because a place must be found for him in the Cabinet or because he has rendered certain party services whose recognition cannot be avoided.

The controlling head of the Department of Commerce should be selected from among the men who are kings of commerce and whose experience and ability should be secured for the benefit of the country as a whole. This does not mean that the policy of the Ministry of Commerce would be dictated by one individual; it could with great advantage be made a Ministerial Board, with an elected chairman to speak on its behalf

in the Cabinet and in the House of Commons. The Ministerial Board would be drawn from the leaders of the manufacturing and industrial world, representatives of the iron, steel, cotton, coal, textile, and other industries, and the principal productive trades of the country. Membership of the Board should not be the reward of political service; it should be the seat of honour bestowed by the industry or trade represented. The Presidency of the Institute of Chartered Accountants or the Incorporated Law Society, the Governorship of the Bank of England, are honours which every accountant, lawyer, and merchant regard very highly. The ironmaster, the weaver, the engineer, the printer, the chief of any great manufacturing or producing trade, would look upon a seat on the Ministerial Board of Commerce as a reward very jealously guarded and held in the highest esteem by the members of the industry which elected him, and as the chairmanship would carry with it a seat in the Cabinet, the office would be vested with considerable authority.

As to the payment of members of the Board, the sum of £50,000 per annum would be trifling in comparison with the value of a Board of this character to direct the trade and

commerce of Great Britain. The executive staff of the department under its control would be specially selected for their experience and practical knowledge of industries and manufactures, and the scale of remuneration would be the same as an expert staff would command in a first-class manufacturing firm. Mr A. would not receive £1000 per annum solely because his predecessor in the same position received £1000 before him.

The salary scale would attract men of the best calibre. Public school boys, instead of drifting into the Civil Service and out again into the Stock Exchange, banking and insurance, or into art and literature, as is happening each year now, would pass from the public schools or universities to the workshops of the great engineering, shipbuilding, and manufacturing firms. They would become 'commercial cadets,' in much the same way as the boy from the naval preparatory school goes to Osborne and becomes in due course a 'naval cadet,' learning the business of the sea.

Six to seven years is ample time to acquire a practical knowledge of a trade; many young university men, succeeding to the mills and factories of their fathers, have acquired a thorough practical grasp of the business

within three or four years. The university man is trained to learn and learns quickly.

The Commercial Department of the Government would thus be constantly fed by men from 25 to 28 years of age, practically and theoretically educated in the details of business life and with a sympathetic understanding of the duties imposed upon that branch of the department in which they would serve. These officials would be required to keep constantly in touch with the practical side of trade, for their advancement would depend upon their growth in experience and knowledge, just as it would were they employees of a manufacturing firm. Thus do I conceive the establishment of a staff working under the control of a Board of the best brains to be found in the country's commerce. The personnel of a department so constituted would enjoy the confidence of the whole country.

Now for the duties which would fall to the Department of the Ministry of Commerce. All its energies would be directed to the development of the country's trade, to improving the position of that trade in the world's markets, to removing difficulties in the way of British manufacturers, and incidentally to

preventing meddling with British industries for the sake of advancement by political parties or individual statesmen. It would have no concern with the details of administering the various Acts affecting workshops, factories, mines, railways, steamships, *et hoc genus omne*, although it would be vitally concerned in thoroughly sifting the details of any alterations or additions to such Acts before they found a place on the Statute Book.

The Declaration of London is an example. It was an admitted failure. It was typical of officially-made legislation directly opposed to the interests of the shipping and commerce of the country, and emphasises the need for a connecting link between our Foreign Office and the commercial community, so that diplomacy shall not over-weigh considerations vitally affecting our trade.

The Department of Commerce would waste no time over the details arising out of the collection of revenues, or the collection and publication of statistics, or the holding of inquiries concerning accidents, and the thousand and one duties which are still carried out by various departments of the Board of Trade. Its duty, first, last, and always, would be: *To maintain, extend, and protect British trade and*

British traders at home and abroad. Sooner or later that is the problem with which Great Britain will be faced, and we cannot afford to disregard any suggestions, however impossible of achievement they may appear to be at the present time. The duty of the suggested department may, therefore, be divided into home and foreign, thus :—

(*a*) To maintain, extend, and protect British trade at home.

(*b*) To maintain, extend, and protect British trade abroad.

The best method of maintaining British trade at home is believed by a large part of the trading community to be the raising of a tariff wall against foreign goods; but I wish to keep this book free from any question of political prejudice, for much may be done for British trade on non-partisan lines.

Let me cite a few examples. There are many manufacturers in the United Kingdom always on the *qui vive* to discover time-saving methods in the operation of their factories; others who are ready to investigate every new process in order to see how far it can be adapted to the requirements of British trade. The difference between the price at which certain articles are produced at home and the price

at which they are sold here by foreign makers is sometimes due solely to the employment of a cheaper process or labour-saving device. Where such information is available, it would be the business of the Department of Commerce to secure it for the benefit of every British trader in that particular industry.

Again, we spend £50,000 per annum on Secret Service. I suppose this sum is mainly expended in obtaining detailed information regarding new war machinery, so that our War Office may be *au courant* with the latest devices in man-killing weapons. Why should not at least as energetic investigation be applied to the more peaceful avocations of trade?

The agents and representatives of our Department of Commerce would be constantly scouring the world to discover for the general benefit of British trade the best and most up-to-date methods anywhere in use. Such information would not benefit any single trader alone, but could be turned to profitable account by all traders who cared to take advantage of it. In this way the whole country would keep rising to a constantly higher level of efficiency and ability to produce goods in competition with foreign importers.

In May last, the British public learnt with

regret and astonishment that the contract for the lock gates and swing bridge for the East India Dock had to be given to an Oberhausen firm, to the great gratification of the German, and the chagrin of British, manufacturers. The general assumption was that British shipbuilding yards were so full up with orders that the work had to be sent to Germany, but it is probable that the giving of the order happened only by mere chance to synchronise with a time when our yards were busy.

Apparently, it is not generally known that the German steelmakers are so organised that they can cut the price of British firms even in London. The great steel combine which rules the export prices can enable any firm that is a member of their association to obtain all its materials for export at a very reduced price. This is an explanation of the low price at which the tender for the work in question was submitted.

Quite apart from this incident, it is possible that many of our governing bodies, in seeking the cheapest market at any price, often do more damage to the prestige of British trade than is represented by the mere difference in price between the British and foreign tenders. This difficulty in understanding

that British trade is built on a broad, world-wide basis and that its prestige should not be impaired for the sake of a few thousands of pounds constantly arises, and a settled policy on the part of public bodies would be welcomed. The fact that a German firm constructed the gates and bridge for the East India Dock in the heart of the British Empire will be trumpeted abroad to the detriment of British trade in every market in the world.

There will come a time when, be our policy Protection or Open Door, we shall insist that all work required for public buildings shall either be done within the United Kingdom, or before it is given to competing nations the facts shall in every such case be laid before an impartial body constituted for the purpose and formal consent obtained. I cannot imagine that a highly-practical Council of Ministers of Commerce would not at once realise the danger of allowing our competitors to obtain so rich an advertisement as is often afforded them by incidents like that mentioned above.

As a nation we still need to realise that the fight between the big Powers of the world is becoming more than ever a commercial fight, and that only by national organisation and direction can we hope to maintain our lead.

Especially with regard to our foreign trade could the suggested department be of great value to manufacturers. Under present conditions a manufacturer who wishes to discover new openings for his goods has to despatch a personal representative to the country where he wishes to find a market for them; and this emissary must combine an intimate acquaintance with the trade he represents with a practical knowledge of existing conditions in the country visited; he must, that is to say, be endowed with a combination of qualities that is rarely found. There has been a tendency in recent years to complain that our Consuls resident in foreign cities do not do as much as they might to assist British traders.

That much yet remains to be done is indicated by one of the avowed objects of the recently-formed British Engineers' Association. It is pointed out in the prospectus of this Association that the British Government maintains at present only one Commercial Attaché for the whole of China. It will be the business of the Association persistently to work for a better Consular Service and a stronger commercial staff at the Embassy, backed up by a keener interest in British

engineering and trade interests in high official places. It is said that there are dangers in too keen interest in trade matters at the British Embassy in China, but, as the *Manchester Guardian* parenthetically observes in commenting on the matter, 'we seem to be very remote from such as yet.'

A popular impression prevails, indeed, that His Britannic Majesty's Consul is a kind of commercial agent, but this is not so. The Consular Service, it must be remembered, is a part of the Diplomatic Service, and is under the control of the Foreign Office. A Consul, besides acting as the 'nearest friend' to all British subjects in distress, is called upon to deal with all kinds of matters that are in no way connected with British trade *qua* trade. He celebrates or registers marriages where either of the parties is of British nationality; he registers the births and deaths of British subjects; he administers oaths and declarations and acts generally as a Commissioner of the Peace; he is at times called upon to dispense justice; and occasionally is required to act in a diplomatic capacity.

These are matters which rightly come under the purview of the Foreign Office, but when we come to questions of trade the duties of the

Consul are not so extensive as the British manufacturer assumes. The Consuls at ports deal with many matters relating to the shipping, but Consuls at inland cities and towns have completed all work of direct trade value that falls to their share when they have answered any inquiries from traders, and made a report once a year to the Foreign Office.

In fact, our Consuls are inclined to be somewhat indignant with those manufacturers who send them trade catalogues and price-lists and expect them to distribute these among likely customers, and generally act as a 'bagman' for the British exporter. Their indignation is perhaps justified, but the British manufacturer is not wholly to blame. The position and duties of the British Consul are of a very ill-defined character, and a reorganisation in this branch of the Government service must sooner or later be undertaken.

Diplomatic duties and services of a general character should be separated from commercial and trade duties. The types of men required to perform these respective duties are quite distinct. What does a man trained in an engineering works and concerned with pushing his country's engineering goods in a

foreign country want to be bothered with the 'marrying and giving in marriage' of any couple who take it into their heads to get married in his city?

The representative of the Foreign Office should be quite distinct from the representative of the Ministry of Commerce. Even his reports would gain in value. At present the Consular reports are 'Edited at the Foreign Office and the Board of Trade.' Repeated complaints were made some years ago about the delay in issuing them after receipt from our Consuls, and their publication has been slightly accelerated since; but as the reports still take about six months to reach the public, there is plenty of room for further improvement.

More important, however, is the necessity for revising the contents of such reports. The ideal Consular report on the trade of a country would be such as the managing director of a big trading company would expect to receive from his representative, except that in the former case all branches of trade would be covered, instead of only the one in which the individual firm was interested. As it is, in such reports matters of a general nature of little direct value to the manufacturer are often discussed.

The following is a typical paragraph from the present style of Consular report. Writing of the development of certain ports in a country the name of which is immaterial, our Consul there says :—

Their importance has not yet been realised by British merchants. They would be well advised to send representatives to examine the trade possibilities, which, although at present comparatively small, are likely to grow so rapidly and to be of great importance before British merchants are able to get into the market. Our United States competitors are not only supplying articles which British manufacturers could supply if they took an interest in the market, but they are gradually learning to manufacture goods after the British style, although not so good in quality or so advantageous in price. Nevertheless, the orders being small and the delivery from the United States more rapid, together with the total absence of British commercial travellers to show their goods and arrange terms of credit, the merchants very naturally take little interest in British trade. There is no doubt that British trade could, if it made an effort, regain a large part of the trade that it has lost. This is the opinion of a great number of merchants But an effort must be made.

An excellent sermon truly, but how can a report of this kind help the maker of gas engines or the manufacturer of cotton shirts? If our Consul had collated a list of the prices at which, within his personal knowledge, certain goods were actually being sold, the British exporter would know at once if he were in a

position to beat that price with an article of equal or better quality. The best test of the practical value of Consular reports is that which is usually applied to other publications —the proportion which their actual circulation bears to the highest possible. If there are 5000 manufacturing firms engaged in making goods of various kinds for export to Argentina and the total number of Consular reports sold respecting that country does not exceed 1000 (apart from the general circulation among individuals and firms who subscribe to all reports), then it is clear either that the reports are not suited to their proper purpose, or that 4000 manufacturers do not understand the value of the reports.

It is not credible that manufacturers would fail to make use of reports which were of value. Trade publications of a general character dealing with the export trade have a circulation of tens of thousands of copies every week. This is evidence of the value attached by exporters to accurate information respecting the trade of countries to which they send goods. Even when they contain details of importance to traders the reports made by Consuls are often received too late to be of practical value. Under the suggested

reorganisation of the service, in addition to annual reports the Consul would be constantly reporting trade intelligence and trade openings, so that an incessant stream of information would be flowing from the country concerned into the hands of the British manufacturer through the intermediate organisation of the Ministry of Commerce. Any one who has seen the reports issued by the Pan-American Union and by the Bureau of American Republics from Washington will realise the difference between the information available for the American manufacturer and that which the British manufacturer receives through the Board of Trade and Foreign Office.

It may be objected that I would make the British Consul a glorified commercial traveller. That is true. But the salary attaching to the post would be almost on an ambassadorial scale, and the rank of the Consul as the accredited representative of the British Ministry of Commerce would be an assured one in any country. He should be housed and staffed in a manner fitting the representative of the greatest trading nation of the world. He would travel from town to town in the district to which he was appointed not in the interests of any firm but in the

interests of British traders collectively, using every resource and every means of publicity to make known the superiority of British goods, and to influence the buying orders in the direction of British manufacturers.

Such incidents as that related in the *Berliner Tageblatt* of 21st April, 1913, should not be possible. The *Berliner Tageblatt* of that date reported that 'the Argentine Government has ordered four further torpedo craft of large dimensions from Krupp's Germania yard. These vessels, it is said, are to take the place of four which were built in England, but which, failing to satisfy the contract conditions, were eventually disposed of to Greece. In consequence of the views expressed by the Argentine Naval Council,' it is added, 'the Government has decided to invite tenders from German firms only. The vessels will be of the same type as the *Catamarca*, constructed by the same firm, but will be about 200 tons larger, will be fitted for oil fuel alone, and will receive stronger torpedo armament.'

It would, under present conditions, have been highly improper for any representative of the British Government at Buenos Ayres to make representations to the Argentine Naval Council so as to influence the Council towards

placing their order in Great Britain. Any of our great shipbuilding firms, however, would have only been too glad of an opportunity to advance their claims before the order was given, so that it might be secured, if possible, for one of their yards. It is in this way that the representative of the suggested Ministry of Commerce could certainly lend useful aid. There are many difficulties of the kind which might be met by timely intervention on the part of a representative of the British Government. Similar difficulties crop up constantly in the diplomatic world, and have to be overcome.

Charges of ill-faith, inferiority of goods, and reflections on credit are often made recklessly by unprincipled trade competitors, and a manufacturer finds his business falling off, and his accounts with good customers in a foreign city gradually closed, without being informed of the causes underlying the change until the damage has been done. These are matters which the British representative should investigate with a view to preventing the circulation of reports damaging to the prestige of British trade.

The Diplomatic Circle can afford considerable assistance to British commerce without in any

way detracting from the dignity of their position. At present firms of contractors who carry out the construction of large works of public utility often find themselves embarrassed by a deliberate breaking of agreements on the part of municipal authorities in foreign countries. A vast amount of British capital has been entirely lost owing to the scant respect paid by many foreign 'city fathers' to agreements granting concessions for the construction of harbours, ports, railways, tramways, etc.

British foreign policy does not officially recognise private investors' financial interests, although in such glaring cases of State dishonesty as those of Venezuela and Guatemala the Foreign Office could not avoid taking some action; but only rarely does it recognise private interests officially. Nor does it trouble itself to help British contractors or manufacturers in enforcing compliance with agreements made by foreign countries. Millions of pounds sterling have been deliberately stolen from the British people by unprincipled foreign 'statesmen' who have pledged the written word of their countries, knowing quite well that the defrauded creditors are powerless to gain redress in the Courts of

that country, and that appeals to the British Foreign Office would be in vain.

Pressure on the part of the British Ambassador acting in concert with the representative of a Ministry of Commerce would often defeat such dishonest tactics. A threatened visit from a British gunboat is more effective in bringing recalcitrant debtors to their senses than any amount of verbal 'protests' from the Council of the Corporation of Foreign Bondholders. It is recognised that His Majesty's Navy is properly engaged when 'policing' the high seas and protecting traders from being despoiled of their cargoes. Manufacturers and contractors for works or loans naturally can see no essential difference between the acts of 'piratical' statesmen who rob British merchants on shore and those of piratical seamen flying the Jolly Roger on the high seas.

CHAPTER XI

OUR EDUCATIONAL SYSTEM AND THE REQUIREMENTS OF COMMERCE

The Product of our Present System—Advantages of University Training when applied to Practical Trade —'Commercial Cadets'—The Pecuniary Advantages of Practical Knowledge in Commerce.

In the opening of the last chapter, referring to the growth of our national expenditure and how small is the proportion thereof utilised for the benefit of the country's trade, passing allusion was made to the large sum of £19,000,000 expended on salaries, etc., for Education, Science, and Art. This sum is constantly increasing and is only part of the much larger sum of £34,000,000 which the Imperial and local ratepayer annually contributes for educational purposes.

It is doubtful whether the results of this expenditure satisfy any educational party. They certainly do not satisfy the taxpayer, though he would probably pay twice as much quite cheerfully if he saw proportionately good results. Nor do they satisfy the educationists, who are warring among themselves as to the

best method of spending the money. Certainly the intellectual needs or ambitions of the greater number of the boys and girls taught under the existing system are not fulfilled.

Each boy and girl who leaves school becomes an adult unit of the British Empire, and we therefore have a right to take the average boy and girl—the product of our educational system—and test their value as contributors to the general efficiency of the country, confining our survey solely to the commercial needs of the nation. It is a trite saying that the verdict of the world is constantly reversing that of the schoolmaster, but it is none the less true. The education of the great majority of the boys and girls who enter commercial life, whether in workshop, factory, or counting-house, does not begin until after they have left school. Let us divide, roughly,[1] into three classes, the sources from which commerce recruits its ranks:—

1. *The 'Upper' Class.* Public school and university men, who enter the higher services of the principal Departments of State.

[1] The broad generalisation of classes which follows is still approximately correct, in spite of the democratic leaven permeating and tending towards the fusion of all classes in the community at the present time.

2 *The 'Middle' Class.* Boys from the public and private schools, who enter the higher branches of commercial and business life.

3. *The 'Lower' Class.* Boys from the elementary Council schools, who enter the various branches of employment in trade and the lower branches of commercial and business life.

Occupations concerned with art, literature, the stage, music, etc., draw their executants from all classes, irrespective of birth or education, and we can thus simplify our division of the classes directly concerned with commerce. In those pages wherein reference is made to the personnel of the suggested Ministry of Commerce, I have commented on the advantages possessed by the university-trained man who applies himself to a commercial career.

Starting four to five years behind the average man (the public school boy has acquired a thorough grounding in commerce long before the university man has left the comparatively cloistral seclusion of Oxford or Cambridge), he is nevertheless quick to overtake his handicap where he is forced to apply himself to commerce. It is for this reason that the man who has been trained in a university and also on the practical side of a

trade is about the best asset that commercial Britain could possess. The number of such men is increasing, but the proportion of men who come from the universities each year and voluntarily apply themselves to the learning of trades is very small.

Sir George Birdwood has stated that during his term at the India Office, he persistently recommended university men to turn their attention to business. He has mentioned that the best window-dresser and salesman in West London was an Eton boy. It is to the higher branches of our trade, however, that the talents of university men may best be applied.

At present, teaching and the overcrowded professions are the goals of those who do not enter one of the higher services of the State, with the result that an advertisement inserted in a daily paper for a university-trained man for a business office will produce hundreds of replies from schoolmasters who have either failed to 'make a living' or are disappointed with a life where initiative is at a discount and individuality is repressed. If a large number of graduates who leave the universities each year could be induced to apply themselves to acquiring a practical knowledge of a business

involving skilled work, a wonderful impetus would be given to the administrative departments of British trade and manufacture.

The foundation by the universities of Chairs of Commerce and Faculties of Business, dispensing degrees and diplomas for proficiency in commerce, is all so much beating the air. It is less, not more, theory that we want. One year of practical work in a cotton-mill or in a steelworks is worth five years of theoretical study to our future cotton mill owner or steelworks proprietor. I am told that it is trade unionism that stands in the way of the practical training of boys and youths leaving the elementary schools. The trade unions fear the effect which the skilled training of a large number of youths would have upon the employment of older men. Perhaps here is the reason that masters fear to introduce university-trained men into their works to learn the business.

If the trade of Great Britain is as vital to us as the Navy of Great Britain—and without any trade I fear we should not want much of a Navy—why should we not apply the same methods to training men for its higher service? The naval cadet does not leave his public school and take up a

commission in the Navy without training or preparation for his duties; but, as we have already seen, the university man on leaving college does attempt to administer the affairs of works and factories without any other practical training than he can casually pick up in the counting-house. The naval cadet passes through Osborne, thence to a training ship, thence to the lowest rung of the naval ladder; similarly, the 'commercial cadet' should pass from public school or college to be attached to the works or factories of large manufacturing and industrial firms, and thus learn the practical side of the work he proposes in later years to direct. Such steps cannot, I fear, be enforced; it can only be hoped that the solid common sense of the young 'varsity man will, sooner or later, prevail. A great future lies before the man who combines a university training with a practical training in factory and workshop.

In the second, the middle, class the position is a little different; but underlying it is the same necessity for practical training. The public and private schools of the country turn out every year clean, intelligent youngsters of from fifteen to eighteen years of age, most of whom have achieved a certain scholastic

success, usually by passing the University Senior Locals. They pour into the City by thousands each year for the purpose of taking up commercial life, which for them invariably means commencing with a junior clerkship.

Do the masters of public schools realise that the rudiments of commercial work are taught to their late pupils by the elementary Council school boy, who is a sort of senior errand boy of perhaps five years' office experience? The young public school boy is taught how to write a letter to a firm, how to press-copy a letter, what the meaning of a bill of exchange is and how to collect it, the meaning of a 'paying-in' book and how to pay money into a bank without arousing the sarcastic ire of the bank's cashier, and a hundred and one other elementary details. He is lucky if he gets an old soldier, a Commissionaire, to teach him how to do these things. More often, it falls to the lot of the small office-boy.

The first few months of the public school boy's life in the counting-house or business office is one long series of painful, humiliating experiences. In the workshops or factories it is still more unenviable, for, as stated above, the British workman is apt to regard the intrusion of a public school boy apprentice

into his domain as an insidious attack upon trade unionism.

The boy who has passed through a big public school is, however, inured to hard knocks, both moral and physical, and the benefits derivable in later life from a training in the 'shops' of a large engineering or similar firm are incalculable. The commingling of the classes thus induced would prevent a great deal of that class hatred which is fostered in the workshops and factories of the country by a certain type of agitator, so that the ultimate benefits in this aspect also would be as largely national as individual. When the men so trained come to undertake their duties as employers of labour, the advantages of their training are manifest. The working-man mechanic is quick to respond to the call for better work by an employer whom he knows to possess practical knowledge; he is equally quick to resent the hustling methods of the man who could not handle a tool in a crisis.

There is a well-worn story in the annals of Fleet Street, that in the early days of *The Times* newspaper, when the last 'forme' (*i.e.* a page of type) was going to the machines in the early hours of the morning, it slipped and was turned into 'pie,' which is

the term printers apply to type when broken up into disorder. Every available compositor was called in to assist, and Mr John Walter, the then proprietor of *The Times*, took off his coat and personally assisted in setting up the page afresh, so that the machines were able to start without much delay and *The Times* lay upon the country breakfast table at its usual hour. There is need of a revival of this kind of employer. It was the rule rather than the exception to meet with them two generations ago, but the type died out with the changes in the old apprenticeship system, which the City companies and guilds are now endeavouring to revive anew.

The steps which have been taken to encourage the learning of trades among the more educated class have not produced quite satisfactory results. The tendency has been either wittingly or unwittingly to make the teaching too theoretical. Technical 'schools' of engineering, paper-making, lithography, printing, carpentry, cotton-printing, weaving, etc., have sprung up in all parts of the country under the ægis of the County Councils. The secondary school boy often passes into these establishments for the purpose of learning a trade, but before he is permitted to take a

practical 'course' he is required to spend so many terms on the theory of the business. This means that the embryo engineer or carpenter sees drawn for his information a sketch of a cold chisel or a plane on a blackboard and is told for what purposes these tools are used; the future Caxton is told that the tool drawn on the blackboard is a 'stick' which printers use for setting up type. The tools are not handled by the youths, and unless they possess a retentive memory they would probably not recognise the actual articles when they saw them some time afterwards.

It means that the intelligent and ambitious boy is disheartened at the slowness of his progress, and his parent, realising that a great deal of valuable time is being wasted, takes the boy away from the school and finds a place for him in an office, where he commences to earn a wage from unskilled clerical labour. Whilst this wage may be a fair one for a boy, he ultimately finds that his work leads to no better-paid goal, and as he reaches manhood he is faced with the life of a poorly-paid junior clerk, earning 25s. to 30s. per week, with the prospect of an office managership with £5 per week after perhaps 20 years' service, whereas, as a skilled educated mechanic in many trades,

he would command from 50s. to 80s. per week with the prospect of attaining the rank of works manager and anything from £5 to £20 per week, or, if he possesses capital, of establishing himself as his own master, as so many hundreds of practical men have already done.

This is the story of thousands of secondary school boys who have left their school with high hopes and dauntless ambitions. To-day they are middle-aged men, probably with wives and families, and are called upon by their employers to maintain the apparent position of a man of £500 per annum on salaries less than a third of that figure. The Board of Trade is so much occupied with compiling reports on the standard of wages of labourers that few data are available to show the average salaries paid in business life. I have compiled the following table, which has been approved by a gentleman who was for many years associated with a large employment institution in the City of London.

	Age 16-21.	Age 21-35.	Age 35-50.
Banks—			
Clerks, Cashiers, Branch Managers, etc.	Per annum £60	Per annum £150	Per annum £200
Insurance Companies—			
Clerks, Superintendents, Branch Managers, etc. ..	£50	£200	£250

	Age 16-21.	Age 21-35	Age 35-50.
Accountants—			
Clerks qualified.	Nil to £50	£200	£200–£350
Lloyds, Stock Exchange, etc ..	£50–£100	£100–£150	£250
General Offices—			
Clerks, Office Managers, etc. ..	£25–£50	£50–£100	£100–£200

It should be understood that the foregoing figures represent the great army of employees engaged in administrative, clerical, and other work in offices, and do not include men engaged in general managerial capacities, whose annual salaries often run into four figures. Compare now the above figures with the wages earned by competent skilled mechanics. The figures which may be applied to the better-class trades are as follows:—

	Under 21	Over 21
Mechanics	Nil to £50	£50–£175
Foremen and overseers	—	£150–£250
Works managers ..	—	£250–£400

It is impossible to lay down any hard and fast rules as to the stages at which clerical labourers and manual labourers progress, but we know that the number of clerical workers who achieve highly-paid positions, such as those of managing directors and the like, is very small in proportion to the total, whereas all the best-paid positions among manual workers, such as works managers, are entirely

recruited from the ranks, because it is essential that those who hold such posts should possess full practical knowledge. Very significant also is the fact that, whereas among clerical workers it is possible for youths of fifteen to commence earning money immediately and to reach a scale of from £40 to £60 per annum within a few months of starting their career, the boy who is apprenticed to a trade only receives 'pocket money' for many years. As a result of this, parents who are in needy circumstances send their boys into the market which is most remunerative immediately rather than wait some years whilst the youth is passing through his apprenticeship.

This is the serious problem with which our educational authorities have to deal. Each year, the postal and telegraph services of the State alone turn out of employment hundreds of boys who have grown too old to continue as telegraph messengers; the carrying trades also throw on to the labour market every year hundreds of van boys who have grown up from twelve to eighteen years of age without acquiring a trade or possessing any means of earning a livelihood; whilst newspapers and other employers of casual boy labour are also inevitably responsible for the

same flooding of the unemployed ranks with young men from eighteen to twenty who either enlist in the Army or Navy, or, unfortunately, go to recruit the ranks of the criminal classes.

During the Postmastership of Mr Samuel an effort has been made to deal with the problem of the boy messenger, with the result that in three years the number of boys dismissed from the Post Office at sixteen years of age has been reduced from 4400 to 443. If the evil has been so great in one branch of business, it is quite certain that, in the aggregate, the contributors to these 'blind alleys' of employment must be responsible for the dismissal from employment every year of thousands of messenger boys, van boys, errand boys, newspaper boys, etc., who have become too old for their situations.

I am not prepared to enter in detail in this book upon the drastic changes which are obviously necessary in the policy of our educationists, but it is apparent to every employer that our present system of education is not meeting the needs of the country. The attitude taken up by the employer appears to be sound. He contends that too much money has been expended on theoretical

training: that the bright and intelligent boys who have distinguished themselves among their companions in the elementary Council schools have had their studies directed towards academic knowledge that will make them shine in examinations rather than towards mechanical knowledge; and that the money expended on the so-called 'higher education' of the elementary scholar would be more wisely expended in thoroughly grounding the boys in commercial and trade knowledge as a preparation for commercial and industrial careers.

That is the view of the great employing class of the country; and it is a view to which our educationists must sooner or later pay careful heed, if the volume of British commerce and the skill of the British workman are not to deteriorate and become inferior to those of competing nations.

CHAPTER XII

RELATIONSHIP BETWEEN EMPLOYER AND EMPLOYED

Passing of the Individualist Employer—The Joint-stock Employer—Commercial Immorality—Social Conditions as a Factor in Commerce.

It is apparent to the most superficial observer of the times that the relations between employer and employed of late years has changed considerably. Some social economists contend that the changes have been for the better; others that the changes are responsible for the ever-recurring periods of strife between the two classes. It is probably more accurate to say that the strife is responsible for the change; not that the change is responsible for the strife.

Fifty years ago the great revolts of labour against capital were spasmodic, occurring only once in a decade or so, and then as the outcome of a crisis following over-production. These strikes arose not so much from a desire to redress some acute difference in an isolated trade, but by way of a general

revolt of the labouring class against the capitalist class. Just as it was recognised by many political economists half a century ago that pauperism and over-production went hand in hand, so also was it evident that a revolt of labour followed a period of over-production. The accumulation of riches by the employing class inflamed the employed class into insurrection when wages fell thereafter as a result of over-production and trade reaction.

We know that to-day no year passes without several strikes of varying magnitude and duration taking place in a number of trades, irrespective of the activity or depression of the trades concerned. Such strikes have generally been declared with a view to remedying some alleged evil, of greater or lesser degree, peculiar to the trade in which the strikers were engaged. But more recently we have witnessed the 'general strike,' that is the strike 'in sympathy' with the workmen of some other trade, possibly in some other country. These strikes have been admittedly for the purpose of creating 'solidarity of labour' against the employer, in order to achieve by force of numbers the end which the individual trade strikers were unable

to attain by argument. Thousands of workmen with no grievance against their employers take part in these strikes, thereby bringing upon the latter loss of present profit as well as future trade. Seeing that the feelings of the employed towards the employer have so far changed, it is not unreasonable to expect to find a great difference in the attitude of the latter towards his workmen. If all human relationships and personal feelings are set aside by the workmen in dealing with the employer, it is natural that an ever-widening breach should open up between them

It must be remembered, also, that another factor tending in the same direction arose with the foundation of joint-stock enterprise, and has grown with its growth. The individualist employer is, passing away, crushed out of existence by the changed conditions of modern industrial life. There was a day within the memory of many of the readers of this book when the employer knew the name and history and family life of every workman in his employ; when the dismissal of an old servant rarely if ever occurred, and the suspension of any employee was a matter for the personal decision of the employer, only after grave and

careful consideration of the effect such suspension would produce on the material welfare of the man's family. The individualist employer is being replaced by employers who do not know by sight or name one-tenth of the workmen in their employ; the engagement and dismissal of such workmen is the duty of departmental managers and overseers; and personal considerations no more enter into the relationship between employer and employed to-day than they exist between a sailor in the Navy and a Sea Lord at the Admiralty.

The development of the joint-stock company is, as I have already said, to a great extent responsible for the change. Although the joint-stock company came into existence fifty years ago, it was not until 1896 that there occurred a tremendous application of the limited liability principle to trading and industrial undertakings. In the year 1896 upwards of £50,000,000 was received from the public for the purchase of trading and manufacturing concerns by joint-stock companies.

For some years after there followed a 'boom' in the conversion of industrial firms to the joint-stock method of trading. Within the space of about five years probably two thousand firms in the United Kingdom

passed out of the control of private individuals to that of boards of directors representing thousands of shareholders, whose interest in the undertakings is confined to the amount of their dividend warrants. The absence of the individual relationship between employer and employed became more marked than ever. Certain advanced employers, recognising the desirability of retaining the interest of their workmen in the welfare of their firms, set aside a part of the share capital for applications received from employees; but in very few instances were these opportunities accepted by the workmen, whether from lack of the necessary money or suspicion of the masters' motives, it is difficult to say.

The proportion of capital applied for by employees at the time when the present large industrial companies were formed was insignificant in proportion to the savings of the men in the various trustee banks. Yet it is possible that in this expedient of interesting the employee in the financial success of the company for which he works may be found a solution for many of the present troubles.

The conditions of various industries differ so widely that no hard and fast rule applicable to all can possibly be found. Methods of

co-partnership have been introduced by some private firms and a few companies, but have met with varying success. Apparently there has yet to be discovered a satisfactory method of co-partnership which shall give the workman, who has no capital to invest, an interest in the financial success of the undertaking, without trespassing upon the legitimate profits of the shareholder who risks his capital.

There is no need to dwell here upon the ethical aspects of our commercial system; every reader engaged in business life has doubtless his own code of honour, the scope and application of which he is prepared to justify. The fact that it has been necessary to place upon the Statute Book of the nation a law making it a penal offence to give a secret commission to an employee exposes the existence of an ugly sore in our national commercial life. It makes the matter very much worse when such a law is allowed to remain a dead letter. Since the passing of the Secret Commissions Act, there has been no radical change in the methods of our commercial houses. Competition is increasing, not decreasing, and the methods adopted for getting business are growing regrettably lax.

Many employers under the stress of this competition practically instruct their travellers, 'Get business honestly if you can, but in any case get business.' The traveller who does not get business has, sooner or later, to make way for the traveller who does, and too often the employer remains deliberately blind to the doubtful methods practised by the latter in the process. Probably there is no Act of Parliament through which it has been easier to drive a coach and four than that which made the bribery of employees an offence against the law. If the Act was destined to stop the clearly dishonest payment of money by one person to another for the purpose of secretly influencing orders for goods, then perhaps it has stopped that; but there are many ways of giving secret commissions other than by direct payment of money.

So entirely is the Act evaded that probably its existence is unknown in many commercial houses, and it would certainly be an advantageous step if a concise statement of the Act and the penalties incurred by its infringement were displayed prominently in the workrooms of every place of employment. The duty of suspending conspicuously in the workshops a copy of the Factory Acts setting

forth the penalties which an employer will incur by their infringement is enforced by law, but no list of the penalties incurred by employees who accept bribes to disclose their employers' business are exhibited. The law looks after the duty of the employer to the employee, but overlooks that of the employee to the employer.

An inevitable result of this laxity is that the agitator among the employed may always be heard speaking of the duty of the employer, but rarely if ever giving one thought or word to the duty of the employee. I suggest to the labour leaders of the country that in the year 1914 they should set aside one day—just one day only out of the three hundred and sixty-five days of the year—and arrange that on that day no speeches should be made which do not include a reference to the responsibilities of the employee towards the employer, and of the servant towards the master. At every conference of employers there is always found one or more of the masters ready to take up the cudgels for the men; but no similar readiness to see things from the masters' point of view is displayed at conferences of employees.

Besides secret commissions, there are other respects in which the employee falls

short of his duty to his employer. The maintenance of an honourable code in the workshops depends as much upon the workmen and workwomen as upon the employer: however strong the efforts put forward by the latter to maintain a clean and wholesome tone in his factories, they may be neutralised by vicious employees. It is a duty the workmen owe to the employer to stamp out this element.

Again, though I have touched but lightly upon the subject of commercial morality, I still believe that it has a very great deal to do with the future of the country's trade. British commerce has been built up by virtue of its reputation; it has held its own against fierce competition through that same reputation; and it can face the future quite confidently provided its reputation is scrupulously kept clean.

One other point may be noted. The duty of the employer to his customer opens up very far-reaching discussions upon points of commercial morality. The only reference necessary to it here is to emphasise the fact that in present-day commerce an employer loses control of his workpeople more quickly through failing in his duty to his customer

than in his duty to his employees. The manufacturer who has treated his workpeople generously, but achieves wealth through swindling his customers, is whole-heartedly condemned by his employees; while the man who sweats his employees, but gives fair value to his customers, is not condemned by his workpeople, though they may criticise him as a hard master. That is one of the ironies of commercial success.

The social aspect of commercial life is a factor which will play an increasingly important part in the future commerce of the country. There has been a strongly-marked change in the attitude of the classes towards commerce during the past ten years. To be engaged in trade is no longer considered derogatory to the good name of any family. So great has been the advance in the scientific treatment of our industries that many trades have been placed on a level ranking with the best and most keenly sought professions. Engineering (electrical and civil), shipbuilding, chemical manufacture, paper-making, etc., are but a few trades in which scientific and chemical research has been so successful that the knowledge requisite for employment in the higher branches of these trades has gone far beyond a

mere technical acquaintance with their working. In such directions the man with a Science degree finds to-day more scope for his abilities, and as a result the skilled branches of our industries are attracting the younger generation of the better classes, who have heretofore been content to enter one of the services of the Government or one of the professions. As indicated in a previous chapter, this movement is still comparatively in its infancy, and there is room for very many more men similarly trained, who will also set themselves to acquire a technical knowledge.

On this point a writer in *The Times* of 6th May, 1913, says: 'That in Germany there are far more chemists than in this country is probably due to some extent to the greater number of universities and technical high schools, and the fact that higher education is cheaper there than here. But, however that may be, the graduates seem to have little difficulty in securing employment, and some of the large chemical works in Germany employ as many as 250 fully qualified chemists. There are, of course, trained engineers as well, and a large proportion, both of chemists and engineers, devote all their time to research work. To judge by the advance which the

German chemical industries have made during the last twenty years, the system works well. It is a frequent occurrence for firms in this country to buy the rights of processes which have been originated and developed first in Germany, but it is not often that the Germans take over work which has been started in this country, because less chemical research of an industrial nature is carried out here.'

Quite distinct from, but parallel with, this altered attitude of the classes has occurred a change in the social conditions under which industrial workers live. There were, not many years ago, quite as distinct social grades in the ranks of the working classes as in the middle and upper classes. The occupier of a 'slum' dwelling in Clare Market was not considered of the same degree as the occupier of a dwelling in the borough. With the improvement in housing accommodation and the clearance of some of the slums of London, such grades are now disappearing, and the skilled mechanic, earning three to four pounds per week, does not despise his neighbour in the suburban artisan's cottage, who only earns thirty to thirty-five shillings a week as a machine assistant.

The conditions of living in industrial

towns have so altered that their improvement cannot fail to produce beneficial effects upon the industrial output.

Our 'Garden Cities' have not met with all the success that was anticipated for them at their foundation, and their failure has justly been attributed in large measure to the absence of a business-like basis in their constitution and the presence of too many faddists.

The *reformed* 'Garden City'—if the promoters of garden cities will forgive me the expression—is undoubtedly going to help British commerce to a wonderful extent. The introduction of sound, business-like local government and the banning of eccentricities due to groups of individuals who have made the name of 'Garden City' synonymous with 'crankyism' in the eyes of most people, will make these residential oases a most valuable ally of the manufacturer. For, despite assertions to the contrary, the British manufacturer does desire to see his workpeople live under healthy and pleasant conditions, and where those conditions are obtainable the employer will seek to establish his works.

The development in methods of transport by road will render economically possible the foundation of many industrial garden cities

during the next generation. The introduction into factory and workshop life of recreation grounds, gymnasiums, libraries, baths, debating societies, choirs, rambling clubs, etc., is raising the social life of the working classes in our big towns to a plane considerably higher, mentally and physically, than attaches to the life of clerical and other sedentary workers in offices. These conditions cannot fail to exercise a beneficial influence upon the parent who is called upon to choose between making his children penmen or workmen.

CHAPTER XIII

FUTURE OF BRITISH COMMERCE

Views of Traders—National Organisation—National Education.

If the theory be sound that trade moves in cycles, and that periods of depression follow periods of active trade at regular intervals, we may anticipate that we shall shortly enter upon a cycle of lean years. Yet there are at present none of those symptoms of over-production which are usually held to precede commercial crises and a period of trade inactivity. The general outlook for British trade at the time of writing may best be summed up in an extract from the Budget speech of the Chancellor of the Exchequer.

The views therein expressed were not those of Mr Lloyd George, but the 'opinions of business men in every quarter of the country.' The disturbing factor has been the trouble in the Far East. Up to the present it does not seem to have diminished the activity of the workshops in the slightest degree, but it has exercised a very retarding effect upon new

orders coming in. New orders are more scanty and slow, and that is very natural. Business men are waiting to see what will happen before they launch out upon new enterprises and new expenditure. When trade is good orders flow in, because there is a general feeling of confidence. That general sense of confidence had been arrested by doubts as to what was going to happen in the Near East. It is not so much the actual field of conflict that was creating that nervous apprehension, but the fear that it might be extended.

Mr Lloyd George's comments on the immediate future were as follows: 'What I am told by business men is this. The order books now are full. That is what I hear from everybody. They will be full for months. There is enough work already ordered to keep the workshops and factories of this country—and I believe that is true of the Continent—in full work for months to come. And the question now is whether these orders will hold out until confidence is restored and new orders begin to flow in. I have naturally made inquiries from business men, and of course I have made very careful inquiries from what are called the diplomatic sources, and I must say there is a greater feeling of confidence,

and a much greater feeling of buoyancy, than existed a few weeks ago. The general feeling is that the greatest danger is over. Undoubtedly, what constituted the greatest element of irritation has almost entirely been eliminated. There is a general feeling that in a very short time peace will be restored and you will get normal conditions. The waste of war will, of course, have to be repaired, and that will take time; but the trade boom is so high, prosperity in all these countries has been so great, and the flood has attained such dimensions that it will not take long to repair the devastations of war, and the countries of Europe will enjoy a prosperity such as they never witnessed before. That is the conclusion, I am very pleased to be able to say, which business men come to. I am not giving my own view; I am giving what I have gathered from the opinions of business men in every quarter of the country, and that is their anticipation.'

The persistent upward movement in the price of raw materials is, however, a grave matter. Sir Francis Webster, a well-known Scottish linen manufacturer, dwelt upon the effects of the constant rise in the price of raw materials at the last meeting of the British

Association. 'The elements of a serious economic condition,' he said, 'seem to be gathering. They involve rapid alterations in the prices of raw materials. These are among the most certain causes of commercial disaster. Over-production is not the cause of bad trade. The cause may more accurately be described as over-consumption. Prices soar till they topple. It is not, as many economists say, that men cannot buy. But wise men will not buy. What is called over-production naturally follows. A peculiar adjunct to high prices—and it is a serious one—is that just when prices are getting to their top wages begin to fall. This may sound paradoxical. A sage old friend used to say—and his words made me look out—that trade went very well until the labourer got unreasonable. But there is reason in his unreason. For he does not know. High prices do not denote plenty, but scarcity, and scarcity of raw material and high wages are incompatible.'

What, then, can we discern of the future of British commerce? Dr Jowett was wont to say that we see farthest into the future when we consider the present. Broadly speaking, the weak spots in the present position of

British commerce, as I have attempted critically to outline it in the foregoing pages, may be summarised thus :—

1. The volume of British trade is being maintained, but is not increasing in the same proportion to the growth of the world's trade as is the trade of other nations;
2. The physical and geographical advantages peculiar to Great Britain are being outweighed by the superior organisation of competing nations;
3. Our manufacturers do not receive from the people the same skilled assistance that the people of other nations are giving to their countries' commerce; and
4. The application of new inventions and discoveries in commerce is not encouraged to anything like an adequate extent.

The remedy for each of these defects, if defects we admit them to be, is to be found in *National Organisation* and *National Education* directed towards commercial as distinct from purely academic development.

National Organisation means the recognition of commerce as a branch of service, the due maintenance of which is as vital to the national welfare as the upkeep of the Navy or

the Army. When the question of encouraging trade and commerce throughout the Empire was specifically referred to the Dominions Royal Commission, it was an official admission of the need for such encouragement of trade and commerce. But we do not refer questions concerning the encouragement of the Navy to a Royal Commission; it is taken for granted that the Government of the day, irrespective of party politics, desires to see the Navy flourish. The country is allowing the intricate and delicate commercial machinery of the nation to be so dissected and reconstructed and generally bedevilled by all kinds of political and departmental amateurs, that, if prompt measures to prevent it are not taken, we shall ultimately see our commerce reduced to the same state of chaos as obtains in the Army, and would obtain in the Navy had not public indignation been aroused.

We must abandon utterly the idea that our commerce is a sort of national milch cow, to be taxed and turned about at the pleasure of any party that happens to be in power, and, as it were, divinely immune from the evils that arise from unskilled guidance. The Colonial Secretary reported in the

House of Commons on 8th May, 1913, that the Government had appointed twenty-three trade commissioners or Imperial State correspondents (it was not quite clear from the newspaper reports what exact title they would bear), and that it is their duty to advise merchants and manufacturers in the home country on what trade openings there were in the Dominions, and especially to watch the movements of foreign competition. So far, so good; but it is by no means far enough.

I do not wish to discredit the Commercial Intelligence Department of the Board of Trade, which is doing to the best of its ability such work as lies within its power; but to depute to a sub-department of the Board of Trade, originally formed for publicity work, the task of organising and directing British commerce on national lines in the face of the fierce competition with the great national organisations of continental countries, is like putting a fly in the road to stop a traction engine. It shows a lamentable inability on our part to grasp the vital importance to Great Britain of the coming conflict between the commercial nations of the world.

Centuries ago, as we have seen, our physical and geographical advantages made

competition with us difficult. We had coal and iron deposits at the very door of our blast-furnaces, with the means close at hand for conveying our manufactures to any part of the world. To-day abundant fuels and driving forces and transport systems are common to Germany, the United States, France, Japan, and most other nations. Only by superior organisation on practical and national lines may we hope to outpace our rivals. That organisation should not be left to the clerical staff of a sub-department of a minor department of the Government, but should be the national work of a powerful Ministry of Commerce, whose Council should include the leading manufacturers and merchants, and whose voice should be directly heard in the Cabinet itself.

Because a demand for such a Ministry has not yet come from manufacturers it cannot be argued that it is not desired. This partisan age is so ready to fling accusations of self-interest at any public man who urges the creation of a new office or department that it is not difficult to understand why manufacturers and merchants have remained silent on the question.

With National Organisation there goes hand

in hand the question of *National Education.* The difficulties which the educationists have to face during the coming decade have already been discussed. Single-handed the theorists have failed to achieve any marked success. In co-operation with business and commercial men, merchants and manufacturers, it should be possible to evolve a practical working system of 'commercial cadets' which would not clash with the principles of trade unionism.

The need of National Education to fulfil the commercial requirements of the nation is admitted on all hands; but not until the false ideas regarding trade and commerce held by the 'upper classes' are replaced by the fullest appreciation of the scientific aspects of trade and commerce shall we hope to make much progress in the improved manual training of the general community.

In scientific research for industrial ends we lag woefully behind other countries, especially Germany. Sir Francis Oppenheimer, the British Commercial Attaché at Frankfort-on-Main, referred to this point in a valuable report which he sent home in May, 1913. Commenting upon the 'stage of satiety' which he thought had been all but reached in the trade between England and Germany, he said:

'The best chances of future developments seem to lie, as far as the German exports to the United Kingdom are concerned, in the results which German scientific methods achieve in their application to industry; as far as imports into Germany from the United Kingdom are concerned, opportunities lie in an increasing taste for British comfort, refinement, and luxury, which grows with this German prosperity. There can be little doubt that if United Kingdom traders made determined efforts in that direction they could succeed in still considerably increasing the value of their exports to Germany.' If scientific methods applied to industry can achieve further developments in German exports, it is clear that Great Britain may also study the subject with advantage.

Another authority, Mr A. Chaston Chapman, President of the Institute of Brewing, says: 'What scientific methods, thoroughness, and a high degree of organisation can do is best exemplified by the history of industrial Germany during the past few decades, and we shall do well to learn the lesson while there is yet time. Many of our leading manufacturers are in no way behind their continental *confrères* in their appreciation of Science, and not a few

have reaped to the full the benefits which they have so well deserved. Still it cannot be denied that among a not inconsiderable section of the industrial community scientific investigation is looked upon with cold suspicion or regarded at the best as an interesting intellectual amusement.'

The Institute of Electrical Engineers is to be congratulated on having taken some steps in connection with research work among the firms concerned in the electrical industry. A Research Committee which has been set up by the Institute will act as a 'clearing house' of points relating to research, and investigations have already been commenced into the properties of magnet steels, insulating oils, and the heating of buried cables.

The industrial realm wherein scientific research may reap boundless fruits is vast indeed. We have so much yet to learn in the economical use of coal, the utilisation of its by-products, the storage of the enormous heat power given us by the sun, the application to our industries of the many electro-chemical processes now in their infancy. Who can doubt the enormous increase in productive power that awaits the country that actively applies its talents to the development of

scientific industrial research? Here, then, lies a field wherein the higher educated classes of our country may work with distinction, extending the commerce of Great Britain and enlarging her influence in the world's markets so as to bring within our control branches of industries and avenues of employment for all the teeming millions of our people.

APPENDIXES

TABLE I

TOTAL VALUE OF THE IMPORT AND EXPORT TRADE OF THE UNITED KINGDOM DURING EACH OF THE YEARS 1910 AND 1911.

The values of the Imports represent the cost, insurance, and freight; or, when goods are consigned for sale, the latest sale value of such goods. The values of the Exports represent the cost, and the charges of delivering the goods on board the ship, and are known as the 'free on board' values.

	VALUE 1910	VALUE 1911
	£	£
Merchandise consigned from Foreign Countries . .	507,806,758	508,897,796
Merchandise imported from Foreign Countries . .	507,619,408	508,704,840
Merchandise consigned from British Possessions and Protectorates	170,450,266	171,259,731
Merchandise imported from British Possessions and Protectorates	170,637,616	171,452,637
Produce and Manufactures of United Kingdom consigned to Foreign Countries . .	283,081,830	295,275,154
Produce and Manufactures of United Kingdom exported to Foreign Countries . .	284,938,058	297,386,565

TABLE I—*Continued*

	Value 1910	Value 1911
	£	£
Produce and Manufactures of United Kingdom consigned to British Possessions and Protectorates	147,302,942	158,844,144
Produce and Manufactures of United Kingdom exported to British Possessions and Protectorates . . .	145,446,714	156,732,733
Foreign and Colonial Merchandise consigned to Foreign Countries	91,661,154	89,661,850
Foreign and Colonial Merchandise exported to Foreign Countries	91,752,505	89,746,680
Foreign and Colonial Merchandise consigned to British Possessions and Protectorates . . .	12,099,891	13,097,284
Foreign and Colonial Merchandise exported to British Possessions and Protectorates . . .	12,008,540	13,012,454
TOTAL MERCHANDISE IMPORTED	678,257,024	680,157,527
TOTAL PRODUCE AND MANUFACTURES OF UNITED KINGDOM EXPORTED . . .	430,384,772	454,119,298
TOTAL FOREIGN AND COLONIAL MERCHANDISE EXPORTED .	103,761,045	102,759,134
TOTAL MERCHANDISE EXPORTED	534,145,817	556,878,432
TOTAL MERCHANDISE IMPORTED AND EXPORTED . . .	1,212,402,841	1,237,035,959

NOTE—The above accounts of Imports and Exports are exclusive of foreign merchandise transhipped under bond at ports in the United Kingdom, and of gold and silver bullion and coin.

TABLE

IMPORTS AND

A SUMMARY of the VALUE of the DIFFERENT CATEGORIES
FOREIGN COUNTRIES and BRITISH POSSESSIONS
Year 1911.

	CON-
	From Foreign Countries
I.—FOOD, DRINK, AND TOBACCO —	£
A Grain and Flour . . .	48,360,426
B. Meat, including Animals for food .	37,082,831
C. Other Food and Drink.	
(1) Non-dutiable	56,192,537
(2) Dutiable	43,189,218
D. Tobacco	5,171,359
TOTAL, CLASS I. . .	190,896,371
II.—RAW MATERIALS AND ARTICLES MAINLY UNMANUFACTURED.—	
A Coal, Coke, and Manufactured Fuel .	29,337
B. Iron Ore, Scrap Iron and Steel . .	5,723,530
C Other Metallic Ores .	6,821,251
D Wood and Timber .	21,220,855
E Cotton	68,365,510
F. Wool	7,727,163
G Other Textile Materials . .	7,799,192
H Oil Seeds, Nuts, Oils, Fats, and Gums .	20,963,306
I. Hides and Undressed Skins . .	5,508,996
J Paper-making Materials . .	4,589,377
K Miscellaneous	22,478,615
TOTAL, CLASS II. . .	171,227,132

II

CONSIGNMENTS

of MERCHANDISE CONSIGNED from and IMPORTED from (including PROTECTORATES) respectively, during the

SIGNED		IMPORTED		
From British Possessions and Protectorates	TOTAL	From Foreign Countries	From British Possessions and Protectorates	TOTAL
£	£	£	£	£
27,400,517	75,760,943	49,378,125	26,382,818	75,760,943
12,039,352	49,722,183	36,555,672	13,166,511	49,722,183
17,445,726	73,638,263	55,618,520	18,019,743	73,638,263
16,362,612	59,551,830	43,146,181	16,405,649	59,551,830
113,559	5,284,918	5,204,979	79,939	5,284,918
73,361,766	263,958,137	189,903,477	74,054,660	263,958,137
442	29,779	29,620	159	29,779
75,632	5,799,162	5,723,530	75,632	5,799,162
2,038,716	8,859,967	7,241,411	1,618,556	8,859,967
4,641,316	25,862,171	21,209,435	4,652,736	25,862,171
2,790,004	71,155,514	68,440,520	2,714,994	71,155,514
28,310,288	36,037,451	7,732,002	28,305,449	36,037,451
6,811,853	14,611,045	7,799,309	6,811,736	14,611,045
14,084,243	35,047,549	20,898,876	14,148,673	35,047,549
5,597,668	11,106,664	5,377,897	5,728,767	11,106,664
160,144	4,749,521	4,589,377	160,144	4,749,521
12,421,423	34,900,038	22,576,794	12,323,244	34,900,038
76,931,279	248,158,861	171,618,771	76,540,090	248,158,861

TABLE

	CON-
	From Foreign Countries
III.—ARTICLES WHOLLY OR MAINLY MANUFACTURED —	£
A. Iron and Steel and Manufactures thereof	11,119,601
B. Other Metals and Manufactures thereof	16,011,205
C. Cutlery, Hardware, Implements (except Machine Tools) and Instruments	5,244,605
D. Electrical Goods and Apparatus (other than Machinery and Telegraph and Telephone Wire)	1,433,958
E. Machinery	5,669,852
F. Ships (new)	63,995
G. Manufactures of Wood and Timber (including Furniture)	2,471,805
H. Yarns and Textile Fabrics.—	
(1) Cotton	11,095,426
(2) Wool	9,423,087
(3) Silk	13,416,719
(4) Other Materials	5,669,144
I. Apparel	5,188,553
J. Chemicals, Drugs, Dyes, and Colours	10,212,427
K. Leather and Manufactures thereof (including Gloves, but excluding Boots and Shoes)	8,705,221
L. Earthenware and Glass	4,042,938
M. Paper	6,166,282
N. Railway Carriages and Trucks (not of Iron), Motor Cars, Cycles, Carts, etc	6,479,592
O Miscellaneous	22,692,784
TOTAL, CLASS III.	145,106,694
IV.—MISCELLANEOUS AND UNCLASSIFIED (INCLUDING PARCEL POST)	1,967,599
TOTAL	508,897,796

II —*Continued*

SIGNED.		IMPORTED		
From British Possessions and Protectorates	TOTAL	From Foreign Countries.	From British Possessions and Protectorates	TOTAL
£	£	£	£	£
14,253	11,133,854	11,119,363	14,491	11,133,854
11,570,039	27,581,244	16,133,617	11,447,627	27,581,244
28,438	5,273,043	5,243,301	29,742	5,273,043
1,534	1,435,492	1,433,885	1,607	1,435,492
99,310	5,768,662	5,677,484	91,178	5,768,662
489	64,484	64,150	334	64,484
80,092	2,551,897	2,469,951	81,946	2,551,897
184,291	11,279,717	11,095,400	184,317	11,279,717
163,769	9,586,856	9,423,087	163,769	9,586,856
24,530	13,441,249	13,416,719	24,530	13,441,249
2,225,632	7,894,776	5,669,144	2,225,632	7,894,776
11,379	5,199,932	5,188,553	11,379	5,199,932
1,198,633	11,411,060	10,237,545	1,173,515	11,411,060
8,522,300	12,227,521	8,697,299	8,530,222	12,227,521
6,145	4,049,083	4,042,938	6,145	4,049,083
408,268	6,574,550	6,167,558	406,992	6,574,550
20,454	6,500,046	6,469,009	31,037	6,500,046
890,861	23,583,645	22,665,806	917,839	23,583,645
20,450,417	165,557,111	145,214,809	20,342,302	165,557,111
515,819	2,483,418	1,967,783	515,635	2,483,418
171,259,731	680,157,527	508,704,840	171,452,687	680,157,527

TABLE

EXPORTS AND

A Summary of the Value of the Different Categories
Kingdom, Consigned to and Exported to
Protectorates) respectively, during the Year

	CON-
	To Foreign Countries
I.—FOOD, DRINK, AND TOBACCO —	£
A. Grain and Flour	2,747,896
B Meat, including Animals for food	552,732
C. Other Food and Drink	13,402,734
D. Tobacco	1,045,268
Total, Class I.	17,748,630
II.—RAW MATERIALS AND ARTICLES MAINLY UNMANUFACTURED —	
A Coal, Coke, and Manufactured Fuel	36,923,329
B Iron Ore, Scrap Iron and Steel	330,257
C Other Metallic Ores	106,156
D Wood and Timber	89,287
E Cotton	—
F Wool	3,752,117
G Other Textile Materials	424,272
H. Oil Seeds, Nuts, Oils, Fats, and Gums	3,642,890
I Hides and Undressed Skins	1,589,379
J Paper-making Materials	768,842
K Miscellaneous	2,574,589
Total, Class II	50,201,118

III

CONSIGNMENTS

of the PRODUCE and MANUFACTURES of the UNITED FOREIGN COUNTRIES and BRITISH POSSESSIONS (including 1911

SIGNED		EXPORTED		
To British Possessions and Protectorates	TOTAL	To Foreign Countries	To British Possessions and Protectorates	TOTAL
£	£	£	£	£
826,009	3,573,905	2,762,490	811,415	3,573,905
470,629	1,023,361	570,276	453,085	1,023,361
8,866,184	22,268,918	13,591,574	8,677,344	22,268,918
1,126,126	2,171,394	1,047,936	1,123,458	2,171,394
11,288,948	29,037,578	17,972,276	11,065,302	29,037,578
1,524,025	38,447,354	36,923,749	1,523,605	38,447,354
122,357	452,614	330,257	122,357	452,614
4,809	110,965	106,158	4,807	110,965
109,781	199,068	94,833	104,235	199,068
—	—	—	—	—
149,635	3,901,752	3,752,340	149,412	3,901,752
11,427	435,699	424,272	11,427	435,699
1,150,878	4,793,768	3,669,478	1,124,290	4,793,768
95,914	1,685,293	1,589,379	95,914	1,685,293
49,736	818,580	768,890	49,690	818,580
305,848	2,880,437	2,576,286	304,151	2,880,437
3,524,412	53,725,530	50,235,642	3,489,888	53,725,530

TABLE

	CON-
	To Foreign Countries
III—ARTICLES WHOLLY OR MAINLY MANUFACTURED —	£
A Iron and Steel and Manufactures thereof	24,229,230
B. Other Metals and Manufactures thereof	6,747,271
C. Cutlery, Hardware, Implements (except Machine Tools) and Instruments	8,741,261
D. Electrical Goods and Apparatus (other than Machinery and Telegraph and Telephone Wire)	1,800,448
E. Machinery	21,542,381
F. Ships (new)	4,510,454
G. Manufactures of Wood and Timber (including Furniture)	1,081,737
H Yarns and Textile Fabrics —	
(1) Cotton	72,978,607
(2) Wool	26,607,451
(3) Silk	1,745,688
(4) Other Materials	9,820,538
I. Apparel	4,267,588
J. Chemicals, Drugs, Dyes, and Colours	14,644,121
K. Leather and Manufactures thereof (including Gloves, but excluding Boots and Shoes)	3,536,559
L Earthenware and Glass	2,460,960
M Paper	1,296,408
N. Railway Carriages and Trucks (not of Iron), Motor-cars, Cycles, Carts, etc.	4,108,300
O. Miscellaneous	17,219,655
TOTAL, CLASS III	221,838,652
IV—MISCELLANEOUS AND UNCLASSIFIED (INCLUDING PARCEL POST)	5,486,754
TOTAL	295,275,154

III —*Continued*

SIGNED		EXPORTED		
To British Possessions and Prot'ates	TOTAL.	To Foreign Countries	To British Possessions and Prot'ates	TOTAL
£	£	£	£	£
19,501,062	43,730,292	24,699,661	19,030,631	43,730,292
4,275,265	11,022,536	6,780,716	4,241,820	11,022,536
3,653,823	7,395,084	3,810,767	3,584,317	7,395,084
1,518,926	2,819,374	1,305,930	1,513,444	2,819,374
9,418,297	30,960,678	21,932,695	9,027,983	30,960,678
1,152,661	5,663,115	4,510,454	1,152,661	5,663,115
955,535	2,037,272	1,101,479	935,793	2,037,272
47,084,748	120,063,355	73,082,012	46,981,343	120,063,355
10,631,746	37,239,197	26,642,539	10,596,658	37,239,197
635,840	2,381,528	1,746,159	635,369	2,381,528
3,378,216	13,198,754	9,836,049	3,362,705	13,198,754
9,552,877	13,820,465	4,442,813	9,377,652	13,820,465
5,409,008	20,053,129	14,906,250	5,146,879	20,053,129
1,342,616	4,879,175	3,549,811	1,329,364	4,879,175
2,252,338	4,713,298	2,483,789	2,229,509	4,713,298
2,014,563	3,310,966	1,306,694	2,004,272	3,310,966
4,016,747	8,125,047	4,185,373	3,939,674	8,125,047
18,589,707	30,809,362	17,368,662	13,440,700	30,809 362
140,383,975	362,222,627	223,691,853	138,530,774	362,222,627
3,646,809	9,133,563	5,486,794	3,646,769	9,133,563
158,844,144	354,119,298	207,886,565	156,782,733	454,119,298

TABLE

CONSIGNMENTS

A SUMMARY of the VALUE of the DIFFERENT CATEGORIES EXPORTED to FOREIGN COUNTRIES and BRITISH and the VALUE of the MERCHANDISE of EACH the Year 1911

	CON-	
	From Foreign Countries	From British Possessions and Protectorates
I.—FOOD, DRINK, AND TOBACCO	£	£
A Grain and Flour .	48,360,426	27,400,517
B Meat, including Animals for food .	37,682,831	12,039,352
C. Other Food and Drink —		
(1) Non-dutiable . .	56,192,537	17,445,726
(2) Dutiable . .	43,189,218	16,362,612
D. Tobacco . .	5,171,859	113,559
TOTAL, CLASS I	190,596,371	73,361,766
II.—RAW MATERIALS AND ARTICLES MAINLY UNMANUFACTURED —		
A. Coal, Coke, and Manufactured Fuel	29,337	442
B. Iron Ore, Scrap Iron and Steel . .	5,723,530	75,632
C. Other Metallic Ores . .	6,821,251	2,038,716
D Wood and Timber . .	21,220,855	4,641,316
E Cotton . .	68,865,510	2,790,004
F. Wool . .	7,727,163	28,310,288
G Other Textile Materials .	7,799,192	6,811,853
H Oil Seeds, Nuts, Oils, Fats and Gums . .	20,963,306	14,084,243
I. Hides and Undressed Skins	5,508,996	5,597,068
J. Paper-making Materials .	4,589,377	160,144
K Miscellaneous . .	22,478,615	12,421,423
TOTAL, CLASS II.	171,227,132	76,931,729

IV.

AND RE-EXPORTS

of IMPORTED MERCHANDISE CONSIGNED from and RE-POSSESSIONS (including PROTECTORATES) RESPECTIVELY, CATEGORY RETAINED in the UNITED KINGDOM, during

SIGNED	RE-EXPORTED (Consignments)			RETAINED IN U K
TOTAL	To Foreign Countries	To British Possessions and Protectorates	TOTAL	TOTAL
£	£	£	£	£
75,760,943	1,195,228	361,112	1,556,340	74,204,603
49,722,183	802,709	352,698	1,155,407	48,566,776
73,638,263	4,243,705	1,025,530	5,269,235	68,369,028
59,551,830	4,788,183	1,323,119	6,106,302	53,445,528
5,284,918	106,671	117,351	224,022	5,060,896
263,958,137	11,131,496	3,179,810	14,311,306	249,646,831
•				
29,779	• 425	231	656	29,123
5,799,162	8,738	—	8,738	5,790,424
8,859,967	664,375	621	664,996	8,194,971
25,862,171	648,727	103,999	752,726	25,109,445
71,155,514	10,217,137	503,116	10,720,253	60,435,261
36,037,451	13,030,820	111,345	13,142,165	22,895,286
14,611,045	3,671,241	64,277	3,735,518	10,875,527
35,047,549	6,011,213	255,446	6,266,659	28,780,890
11,106,664	6,171,597	169,593	6,341,190	4,765,474
4,749,521	157,388	90,781	248,169	4,501,352
34,900,038	17,451,170	625,468	18,076,638	16,823,400
248,158,861	58,032,831	1,924,877	59,957,708	188,201,153

TABLE

	CON-	
	From Foreign Countries	From British Possessions and Protectorates
III.—ARTICLES WHOLLY OR MAINLY MANUFACTURED	£	£
A. Iron and Steel and Manufactures thereof	11,119,601	14,253
B. Other Metals and Manufactures thereof	16,011,205	11,570,039
C. Cutlery, Hardware, Implements (except Machine Tools) and Instruments	5,244,605	28,438
D. Electrical Goods and Apparatus (other than Machinery and Telegraph and Telephone Wire)	1,433,958	1,534
E Machinery	5,669,352	99,310
F. Ships (new)	63,995	489
G. Manufactures of Wood and Timber (including Furniture)	2,471,805	80,092
H. Yarns and Textile Fabrics		
(1) Cotton	11,095,426	184,291
(2) Wool	9,423,087	163,769
(3) Silk	13,416,719	24,530
(4) Other Materials	5,669,144	2,225,632
I. Apparel	5,188,553	11,379
J Chemicals, Drugs, Dyes, and Colours	10,212,427	1,198,633
Carry forward,	97,019,877	15,602,389

IV —*Continued.*

SIGNED	RE-EXPORTED (Consignments)			RETAINED IN U.K.
TOTAL.	To Foreign Countries.	To British Possessions and Protectorates	TOTAL.	TOTAL.
£	£	£	£	£
11,133,854	241,477	187,128	428,605	10,705,249
27,581,244	8,282,543	174,554	8,457,097	19,124,147
5,273,043	1,075,526	317,936	1,393,462	3,879,581
1,435,492	65,322	130,679	196,001	1,239,491
5,768,662	861,872	280,941	1,142,813	4,625,849
64,484	1,193	8	1,201	63,283
2,551,897	134,174	145,772	279,946	2,271,951
11,279,717	1,133,514	1,187,629	2,321,143	8,958,574
9,586,856	472,117	688,435	1,160,552	8,426,304
13,441,249	489,051	1,378,702	1,867,753	11,573,496
7,894,776	1,403,765	760,611	2,164,376	5,730,400
5,199,932	537,716	401,582	939,298	4,260,634
11,411,060	1,107,472	319,587	1,427,059	9 984,001
112,622,266	15,805,742	5,973,564	21,779,306	90,842,960

TABLE

	CON-	
	From Foreign Countries	From British Possessions and Protectorates
	£	£
Brought forward,	97,019,877	15,602,389
K. Leather and Manufactures thereof (including Gloves, but excluding Boots and Shoes)	8,705,221	3,522,300
L Earthenware and Glass	4,042,938	6,145
M Paper .	6,166,282	408,268
N Railway Carriages and Trucks (not of Iron), Motor Cars, Cycles, Carts, etc. . . .	6,479,592	20,454
O. Miscellaneous . .	22,692,784	890,861
TOTAL, CLASS III.	145,106,694	20,450,417
IV —MISCELLANEOUS AND UNCLASSIFIED (INCLUDING PARCEL POST) .	1,967,599	515,819
TOTAL . . .	508,897,796	171,259,731

NOTE.—The re-exports are divided between Foreign Country to which the

IV —*Continued*

SIGNED	RE-EXPORTED (Consignments)			RETAINED IN U K
TOTAL	To Foreign Countries	To British Possessions and Protectorates	TOTAL.	TOTAL
£	£	£	£	£
112,622,266	15,805,742	5,973,564	21,779,306	90,842,960
12,227,521	1,937,165	332,449	2,269,614	9,957,907
4,049,083	138,702	64,714	203,416	3,845,667
6,574,550	95,117	113,647	208,764	6,365,786
6,500,046	334,148	401,817	735,965	5,764,081
23,583,645	2,049,402	1,098,503	3,147,905	20,435,740
165,557,111	20,360,276	7,984,694	28,344,970	137,212,141
2,483,418	137,247	7,903	145,150	2,338,268
680,157,527	89,661,859	13,097,284	102,759,134	577,398,393

Countries and British Possessions according to the goods are consigned.

TABLE V.

COTTON SPINNING SPINDLES, 1st MARCH, 1913 (SPINNERS' RETURNS)

COUNTRIES	Mule Spindles in work	Ring Spindles in work	Spindles spinning Egyptian Cotton	Spindles spinning American, E Indian, and Sundry Cottons	Spindles in course of Construction	Total No of Spindles in work at present	Total World Estimated No of Spinning Spindles
Great Britain	39,320,885	8,908,660	12,670,059	35,559,486	847,140	48,229,545	55,576,108
Germany	5,330,963	5,386,885	1,503,809	9,214,039	366,878	10,717,848	10,920,426
Russia	3,014,196	4,204,592	810,057	6,408,731	112,488	7,218,788	8,950,000
France	3,933,575	3,273,528	1,342,438	5,864,665	74,656	7,207,103	7,400,000
India	1,236,023	3,663,089	28,058	4,871,054	69,548	4,899,112	6,400,000
Austria	2,550,993	2,313,460	581,582	4,282,871	66,444	4,864,453	4,864,453
Italy	1,102,489	2,554,550	198,782	3,458,257	2,720	3,657,039	4,580,000
Spain	760,000*	1,082,200*	—	1,842,200	—	1,842,200	2,200,000
Japan	51,743	2,122,696	291,108	1,883,336	390,016	2,174,444	2,250,000
Switzerland	1,047,280	232,228	850,000	429,503	—	1,279,508	1,398,062
Belgium	507,965	960,873	6,700	1,462,138	29,000	1,468,838	1,468,838
Sweden	104,198	273,598	750	377,046	10,000	377,796	529,772
Portugal	100,000*	300,000*	—	400,000	—	400,000	482,000
Holland	197,176	273,780	—	470,956	5,500	470,956	470,956
Denmark	13,376	73,460	—	86,836	—	86,836	86,836
Norway	21,060	53,504	—	74,564	—	74,564	74,564
U S America	5,500,000*	25,079,000*	750,000*	29,829,000*	?	30,579,000	30,579,000
Canada	253,609	351,064	—	604,673	90,700	604,673	855,293
Mexico, Brazil, etc	7,832	554,447	—	562,279	71,296	562,279	3,100,000
TOTAL	65,053,368	61,661,614	19,033,343	107,681,639	2,136,386	126,714,982	142,186,308

* Approximately.

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